

**RICHARDSON MILLING (UK) LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

GMP Audit Limited
82 High Street
Tenterden
Kent
TN30 6JG

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FOR THE YEAR ENDED 31ST DECEMBER 2019**

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RICHARDSON MILLING (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2019**

DIRECTORS: Mr C M Smith
Mr C R Vossen
Mr D G Sobkow
Mr R D Jordan

SECRETARY: Mrs J Wold

REGISTERED OFFICE: Mile Road
Bedford
Bedfordshire
MK42 9TB

REGISTERED NUMBER: 01789282 (England and Wales)

AUDITORS: GMP Audit Limited
82 High Street
Tenterden
Kent
TN30 6JG

**STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2019**

The directors present their strategic report for the period 1 January 2019 - 31 December 2019.

REVIEW OF BUSINESS

Principal Activities

The principal activity of the business, based in Bedfordshire in the United Kingdom, is the manufacture of cereal-based ingredients. These are produced and sold globally to customers who in turn use them to add value to their recipes.

Business Model and Strategy

The company buys raw material mainly from British sources to which value is added through milling, flaking, extrusion and other technologies. Products are then sold to customers in the food, beverage and animal feed industries. The business benefits from vast intellectual property and expertise gained from the structures available through its reporting lines into our shareholder. The business operates in a matrix structure and all departments have access to knowledge and resources based in North America.

Business Review

The directors and shareholders are satisfied that the company performed in line with expectations during the fiscal year. The Board of Directors were informed of the progress of the UK entity through weekly reports and formal Board Meetings. The Board of Directors monitor all areas of the business through a set of key performance areas (KPI's) and the company benefits from our shareholder's risk management protocol.

Both the internal and external environments in which the company operates are influenced by weather patterns and the global supply and demand forces in both the financial markets in general, and also the trading of commodities.

PRINCIPAL RISKS, UNCERTAINTIES AND TRENDS

The company processes grains such as oats, wheat and barley, which are volatile in terms of quantity and quality. Both influence availability of supply and prices. We are dependent on crop availability and as part of the agricultural cycle have a short available reaction time to address supply and demand dynamics. There is currently substantial uncertainty within the Agricultural sector due to a lack of detail on how subsidies on farms will look post-Brexit. We are managing and mitigating risk by working closely with our suppliers and the full supply chain.

Brexit uncertainty can also affect our labour force. Availability of staff with appropriate skills will continue to be of high importance to the business and we focus on this aspect through ensuring our staff are well-paid, rewarded, cared for, and adequately trained and motivated. Brexit may have further impact on future exports due to different trade agreements potentially coming into force.

Financial Risk is monitored through strict KPI's on working capital (stock, debtors and creditors), cash flow and general cost control.

It is critical that we continue to effectively identify, evaluate, manage and mitigate the risks we face; and we will continue to evolve our approach to risk management.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2019**

SECTION 172(1) STATEMENT

The revised UK Corporate Governance Code was published in 2018 and applies to accounting periods beginning on or after January 1, 2019. The regulations require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (a) to (f) ("S172") of the Companies Act 2006 when performing their duty to promote the success of the Company under S172.

This S172 statement provides insight on how the company's Directors:

- have given due consideration of the likely consequences of decisions taken in the long run
- have engaged with employees, suppliers, customers and other stakeholders with particular regard to employees interests and the need to foster the company's relationships with all stakeholders
- have considered the impact of the company's operations on the community and environment
- and in doing so ensure the company maintains a reputation for high standards of business conduct

The S172 statement focuses on matters of strategic importance to the company, and the level of information disclosed is consistent with the size and complexity of the business.

Consideration of Long Term Impact of Decision Making

The Directors understand the business and the evolving environment in which we operate as well as the challenges of navigating through the volatile agricultural market. The strategy set by the board intends to strengthen our position as a leading company in the manufacturing of cereal-based ingredients. As such the business continued to invest capital through the year to increase capacity and to improve the business in line with our shareholders' vision to be fully invested.

Company Employees and Their Interests

The Directors recognise that company employees are fundamental and core to our business and delivery of our strategic ambitions. Where relevant and feasible, the Directors factor the implications of decisions on employees and the wider workforce.

The business is committed to providing a safe and healthy environment for all staff and continues to invest in training, maintenance and capital replacement to ensure our standards exceed compliance requirements and industry standards. We will also continue to upgrade our facilities through investment with the focus on safety of staff, food safety and efficiency.

Human capital risk is mitigated through working in a collaborative matrix method with colleagues in similar functional areas in North America.

Business Relationships

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and other stakeholders. We value all of our customers and suppliers and the business continuously assesses the priorities related to these stakeholder groups. The Directors receive information updates that indicate and inform how these stakeholders have been engaged.

Community and Environment

The business continues to be a responsible citizen. Every effort is made to manage the environmental impact of our supply chain and our operational activities.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2019**

Reputation for High Standards of Business Conduct

Our company is not only fully compliant with anti-slavery, anti-corruption and anti-bribery legislation, but will also continue to take any known steps possible to ensure our staff are trained and informed about the importance of ensuring our own practices are ethical and legal.

In conclusion, after weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long term, taking into consideration the impact on stakeholders. In doing so, the Directors act fairly as between the company's members. However, the Directors are not required to balance the company's interest with those of other stakeholders, which can sometimes mean that certain stakeholder interests may not be fully aligned.

ON BEHALF OF THE BOARD:

Mr C M Smith - Director

15th September 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

The directors present their report with the financial statements of the company for the year ended 31st December 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2019.

FUTURE DEVELOPMENTS

Information can be found in the strategic report.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2019 to the date of this report.

Mr C R Vossen
Mr D G Sobkow
Mr R D Jordan

Other changes in directors holding office are as follows:

Mr A Brand - resigned 1st October 2019
Mr C M Smith - appointed 6th November 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information.

ON BEHALF OF THE BOARD:

Mr C M Smith - Director

15th September 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RICHARDSON MILLING (UK) LIMITED

Opinion

We have audited the financial statements of Richardson Milling (UK) Limited (the 'company') for the year ended 31st December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 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 company's affairs as at 31st December 2019 and of its profit 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 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 company'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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RICHARDSON MILLING (UK) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on page five, 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 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Samantha Whiting FCA (Senior Statutory Auditor)
for and on behalf of GMP Audit Limited
82 High Street
Tenterden
Kent
TN30 6JG

15th September 2020

RICHARDSON MILLING (UK) LIMITED (REGISTERED NUMBER: 01789282)**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2019**

	Notes	2019 £	2018 £
TURNOVER	3	51,533,263	49,686,295
Cost of sales		<u>45,829,957</u>	<u>44,811,497</u>
GROSS PROFIT		5,703,306	4,874,798
Administrative expenses		<u>2,927,469</u>	<u>2,704,915</u>
		2,775,837	2,169,883
Other operating income		<u>9,809</u>	<u>32,254</u>
OPERATING PROFIT	5	2,785,646	2,202,137
Interest payable and similar expenses	6	<u>103,060</u>	<u>78,474</u>
PROFIT BEFORE TAXATION		2,682,586	2,123,663
Tax on profit	7	<u>583,326</u>	<u>339,234</u>
PROFIT FOR THE FINANCIAL YEAR		2,099,260	1,784,429
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,099,260</u>	<u>1,784,429</u>

The notes form part of these financial statements

RICHARDSON MILLING (UK) LIMITED (REGISTERED NUMBER: 01789282)**BALANCE SHEET
31ST DECEMBER 2019**

	Notes	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		17,236,236		17,422,759
CURRENT ASSETS					
Stocks	9	1,927,540		3,356,763	
Debtors	10	8,368,747		10,689,848	
Cash at bank and in hand		92,321		837,299	
		10,388,608		14,883,910	
CREDITORS					
Amounts falling due within one year	11	6,499,359		13,394,170	
NET CURRENT ASSETS			3,889,249		1,489,740
TOTAL ASSETS LESS CURRENT LIABILITIES			21,125,485		18,912,499
PROVISIONS FOR LIABILITIES	15		859,117		745,391
NET ASSETS			20,266,368		18,167,108
CAPITAL AND RESERVES					
Called up share capital	16		8,684,415		8,684,415
Share premium	17		1,401,799		1,401,799
Capital redemption reserve	17		686		686
Retained earnings	17		10,179,468		8,080,208
SHAREHOLDERS' FUNDS			20,266,368		18,167,108

The financial statements were authorised for issue by the Board of Directors and authorised for issue on 15th September 2020 and were signed on its behalf by:

Mr C M Smith - Director

RICHARDSON MILLING (UK) LIMITED (REGISTERED NUMBER: 01789282)**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2019**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1st January 2018	8,684,415	6,295,779	1,401,799	686	16,382,679
Changes in equity					
Total comprehensive income	-	1,784,429	-	-	1,784,429
Balance at 31st December 2018	<u>8,684,415</u>	<u>8,080,208</u>	<u>1,401,799</u>	<u>686</u>	<u>18,167,108</u>
Changes in equity					
Total comprehensive income	-	2,099,260	-	-	2,099,260
Balance at 31st December 2019	<u>8,684,415</u>	<u>10,179,468</u>	<u>1,401,799</u>	<u>686</u>	<u>20,266,368</u>

The notes form part of these financial statements

RICHARDSON MILLING (UK) LIMITED (REGISTERED NUMBER: 01789282)**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2019**

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	6,022,282	1,752,178
Interest paid		(103,060)	(78,474)
Tax paid		(462,065)	(169,303)
Net cash from operating activities		<u>5,457,157</u>	<u>1,504,401</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,311,078)	(2,349,749)
Sale of tangible fixed assets		22,485	9,369
Net cash from investing activities		<u>(1,288,593)</u>	<u>(2,340,380)</u>
Increase/(decrease) in cash and cash equivalents		<u>4,168,564</u>	<u>(835,979)</u>
Cash and cash equivalents at beginning of year	2	(4,126,382)	(3,290,403)
Cash and cash equivalents at end of year	2	<u>42,182</u>	<u>(4,126,382)</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Profit before taxation	2,682,586	2,123,663
Depreciation charges	1,497,601	1,440,728
(Profit)/loss on disposal of fixed assets	(22,485)	12,315
Finance costs	103,060	78,474
	<u>4,260,762</u>	<u>3,655,180</u>
Decrease/(increase) in stocks	1,429,223	(1,730,489)
Decrease/(increase) in trade and other debtors	2,349,935	(1,892,444)
(Decrease)/increase in trade and other creditors	<u>(2,017,638)</u>	<u>1,719,931</u>
Cash generated from operations	<u>6,022,282</u>	<u>1,752,178</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st December 2019

	31/12/19 £	1/1/19 £
Cash and cash equivalents	92,321	837,299
Bank overdrafts	<u>(50,139)</u>	<u>(4,963,681)</u>
	<u>42,182</u>	<u>(4,126,382)</u>

Year ended 31st December 2018

	31/12/18 £	1/1/18 £
Cash and cash equivalents	837,299	858,462
Bank overdrafts	<u>(4,963,681)</u>	<u>(4,148,865)</u>
	<u>(4,126,382)</u>	<u>(3,290,403)</u>

3. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1/1/19 £	Cash flow £	At 31/12/19 £
Net cash			
Cash at bank and in hand	837,299	(744,978)	92,321
Bank overdrafts	<u>(4,963,681)</u>	<u>4,913,542</u>	<u>(50,139)</u>
	<u>(4,126,382)</u>	<u>4,168,564</u>	<u>42,182</u>
Total	<u>(4,126,382)</u>	<u>4,168,564</u>	<u>42,182</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019**

1. STATUTORY INFORMATION

Richardson Milling (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax. It is recognised when the goods are dispatched for delivery.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replacement part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is provided at the following rates in order to write off each asset over its estimated useful life:

Freehold land	- nil
Freehold buildings	- 2% and 7% straight line
Leasehold buildings and improvements	- 2% straight line
Plant and machinery	- 7%, 10% and 33.3% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 33.3% straight line
Assets in the course of construction	No depreciation is provided until the asset is brought into use

Stocks

Groats are valued according to the percentage yield which is obtained from the cereal. Finished goods are valued at the cost price of grain plus costs to process. Where processing costs cannot be readily identified they are valued at selling price less the expected profit per ton and the cost of the packaging material used. All other stocks are valued at the lower of cost and net realisable value.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

Financial instruments held as hedges are matched with their underlying hedge item. Each instrument's gain or loss is brought into the profit and loss account, and its fair value into the balance sheet, at the same time and in the same place as is the matched underlying asset, liability, income or cost. For commodity instruments, this will be in the operating profit matched against the relevant purchase or sale. The profit or loss on an instrument may be deferred if the hedged transaction is expected to take place or would normally be accounted for in the future.

The costs incurred in obtaining the financial instruments are expensed to the profit and loss account when they arise.

Grain price provisions

Due to the variation in grain prices throughout a harvest, the company has adopted a policy of averaging the cost of grain to match against sales. As the company's period end is not co-terminus with the harvest there is a balance on the provision account which is included within creditors.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019**

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In preparing these financial statements, the directors have made the following critical judgements:

- Determine whether leases entered into as a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Key sources of estimation uncertainty include:

- Tangible fixed assets, which are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2019	<i>2018</i>
	£	<i>£</i>
United Kingdom	40,277,142	<i>39,452,286</i>
Europe	1,660,506	<i>2,743,727</i>
Middle East	1,415,775	<i>756,892</i>
Africa	7,258,022	<i>6,137,554</i>
Asia	915,161	<i>570,636</i>
North America	5,117	<i>25,200</i>
Western Pacific	1,540	<i>-</i>
	<u>51,533,263</u>	<i><u>49,686,295</u></i>

4. EMPLOYEES AND DIRECTORS

	2019	<i>2018</i>
	£	<i>£</i>
Wages and salaries	5,632,256	<i>5,765,914</i>
Social security costs	598,863	<i>587,378</i>
Other pension costs	386,015	<i>325,952</i>
	<u>6,617,134</u>	<i><u>6,679,244</u></i>

The average number of employees during the year was as follows:

	2019	<i>2018</i>
Management	8	<i>5</i>
Administration, accounts and sales	16	<i>17</i>
Production	130	<i>137</i>
	<u>154</u>	<i><u>159</u></i>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019**

4. EMPLOYEES AND DIRECTORS - continued

	2019	<i>2018</i>
	£	<i>£</i>
Directors' remuneration	314,979	<i>315,770</i>
Directors' pension contributions to money purchase schemes	<u>16,086</u>	<i><u>18,616</u></i>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<i><u>1</u></i>
------------------------	-----------------	-----------------

Information regarding the highest paid director is as follows:

	2019	<i>2018</i>
	£	<i>£</i>
Emoluments etc	249,856	<i>315,770</i>
Pension contributions to money purchase schemes	<u>14,413</u>	<i><u>18,616</u></i>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019	<i>2018</i>
	£	<i>£</i>
Hire of plant and machinery	6,188	<i>5,165</i>
Depreciation - owned assets	1,497,601	<i>1,440,728</i>
(Profit)/loss on disposal of fixed assets	(22,485)	<i>12,315</i>
Auditors' remuneration	31,002	<i>26,500</i>
Auditors' remuneration for non audit work	3,530	<i>5,515</i>
Net (gains)/losses on foreign currencies	29,674	<i>(21,378)</i>
Operating leases	<u>430,652</u>	<i><u>359,121</u></i>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	<i>2018</i>
	£	<i>£</i>
Bank interest	<u>103,060</u>	<i><u>78,474</u></i>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	<i>2018</i>
	£	<i>£</i>
Current tax:		
UK corporation tax	498,381	<i>457,929</i>
(Over) / under provided in earlier years	(28,781)	<i>(100,455)</i>
Total current tax	469,600	<i>357,474</i>
Deferred tax:		
Accelerated capital allowances	113,726	<i>(18,240)</i>
Tax on profit	<u>583,326</u>	<i><u>339,234</u></i>

UK corporation tax has been charged at 19% .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>2,682,586</u>	<u>2,123,663</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	509,691	403,496
Effects of:		
Expenses not deductible for tax purposes	1,504	6,885
Capital allowances in excess of depreciation	(67,529)	-
Depreciation in excess of capital allowances	-	51,074
Other short term timing differences	54,715	(3,526)
Over provision in previous years	(28,781)	(100,455)
Deferred taxation movements	113,726	(18,240)
Total tax charge	<u>583,326</u>	<u>339,234</u>

8. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Plant and machinery £
COST			
At 1st January 2019	8,797,446	1,505,054	22,093,925
Additions	-	-	-
Reclassification/transfer	-	-	2,725,471
At 31st December 2019	<u>8,797,446</u>	<u>1,505,054</u>	<u>24,819,396</u>
DEPRECIATION			
At 1st January 2019	942,932	679,016	15,043,345
Charge for year	139,376	20,241	1,315,922
At 31st December 2019	<u>1,082,308</u>	<u>699,257</u>	<u>16,359,267</u>
NET BOOK VALUE			
At 31st December 2019	<u>7,715,138</u>	<u>805,797</u>	<u>8,460,129</u>
At 31st December 2018	<u>7,854,514</u>	<u>826,038</u>	<u>7,050,580</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019

8. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Totals £
COST				
At 1st January 2019	527,344	139,356	1,646,212	34,709,337
Additions	121,067	-	1,190,011	1,311,078
Reclassification/transfer	-	-	(2,725,471)	-
At 31st December 2019	648,411	139,356	110,752	36,020,415
DEPRECIATION				
At 1st January 2019	481,929	139,356	-	17,286,578
Charge for year	22,062	-	-	1,497,601
At 31st December 2019	503,991	139,356	-	18,784,179
NET BOOK VALUE				
At 31st December 2019	144,420	-	110,752	17,236,236
At 31st December 2018	45,415	-	1,646,212	17,422,759

9. STOCKS

	2019 £	2018 £
Raw materials	1,539,972	1,663,333
Finished goods	387,568	1,693,430
	1,927,540	3,356,763

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	7,704,422	9,166,117
Other debtors	19,440	272,030
Futures trading account	65,027	318,691
Tax	28,834	-
VAT	210,925	666,033
Prepayments and accrued income	340,099	266,977
	8,368,747	10,689,848

During the normal course of business, the company enters into wheat futures and foreign exchange contracts to stabilise the production costs of raw materials and value of overseas sales. The carrying value represents available cash held on account by the hedging agent £65,027 (2018: £318,691). No provision for unrealised losses at the year end has been made (2018: nil). No provision has been included for unrealised profits or losses at the balance sheet date to be carried forward (2018: £18,790 losses).

The open market value of the hedge positions maintained at the year end was £137,162 (2018: £264,676) with unrealised profits and losses at the year end being matched to related purchases and sales in accordance with the accounting policy.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019**

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	<i>2018</i>
	£	<i>£</i>
Bank loans and overdrafts (see note 12)	50,139	<i>4,963,681</i>
Trade creditors	3,413,637	<i>5,151,002</i>
Amounts owed to group undertakings	4,458	<i>-</i>
Tax	344,298	<i>307,929</i>
Social security and other taxes	154,632	<i>177,311</i>
Other creditors	83,776	<i>123,715</i>
Accruals and deferred income	2,448,419	<i>2,670,532</i>
	<u>6,499,359</u>	<i><u>13,394,170</u></i>

12. LOANS

An analysis of the maturity of loans is given below:

	2019	<i>2018</i>
	£	<i>£</i>
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>50,139</u>	<i><u>4,963,681</u></i>

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	<i>2018</i>
	£	<i>£</i>
Within one year	433,522	<i>334,406</i>
Between one and five years	812,421	<i>477,676</i>
In more than five years	312,000	<i>318,000</i>
	<u>1,557,943</u>	<i><u>1,130,082</u></i>

The comparative leasing commitments have been restated, previously disclosed £782,082.

14. SECURED DEBTS

The following secured debts are included within creditors:

	2019	<i>2018</i>
	£	<i>£</i>
Bank overdrafts	<u>50,139</u>	<i><u>4,963,681</u></i>

The bank overdraft is secured by an Unlimited Parental Guarantee provided by Richardson International Limited.

15. PROVISIONS FOR LIABILITIES

	2019	<i>2018</i>
	£	<i>£</i>
Deferred tax		
Accelerated capital allowances	<u>859,117</u>	<i><u>745,391</u></i>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2019**

15. PROVISIONS FOR LIABILITIES - continued

	Deferred tax
	£
Balance at 1st January 2019	745,391
Accelerated capital allowances	113,726
Balance at 31st December 2019	<u>859,117</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2019	<i>2018</i>
			£	£
50	Ordinary 1p	1p	1	<i>1</i>
8,684,414	Ordinary £1	£1	<u>8,684,414</u>	<i><u>8,684,414</u></i>
			<u>8,684,415</u>	<i><u>8,684,415</u></i>

All shares rank equally and carry equal rights with regard to voting and distributions, whether dividend or capital.

17. RESERVES

	Retained earnings	Share premium	Capital redemption reserve	Totals
	£	£	£	£
At 1st January 2019	8,080,208	1,401,799	686	9,482,693
Profit for the year	2,099,260	-	-	2,099,260
At 31st December 2019	<u>10,179,468</u>	<u>1,401,799</u>	<u>686</u>	<u>11,581,953</u>

18. PENSION COMMITMENTS

The company operates a defined contribution pension scheme and contributes to a number of personal pension plans. The charge for the year is shown in note 4. The amount of contributions outstanding at the year end was £35,377 (2018: £32,249).

19. CAPITAL COMMITMENTS

	2019	<i>2018</i>
	£	£
Contracted but not provided for in the financial statements	<u>436,226</u>	<i><u>516,586</u></i>

20. RELATED PARTY DISCLOSURES

Non executive directors fees totalling £15,000 were paid during the year (2018: £15,000).

The company has taken advantage of the exemption for disclosing related party transactions between group members as it is a wholly owned subsidiary.

Key management personnel include all directors and a number of senior managers who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £1,276,085 (2018: £1,140,108).

21. ULTIMATE CONTROLLING PARTY

The controlling party is Richardson International Limited. The company's registered address is 2800-1 Lombard Place, Winnipeg, Manitoba, R3B 0X8, Canada.

The ultimate controlling party is James Richardson & Sons Limited, a company incorporated in Canada.

Neither the immediate parent nor ultimate holding companies' financial statements are publicly available.

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