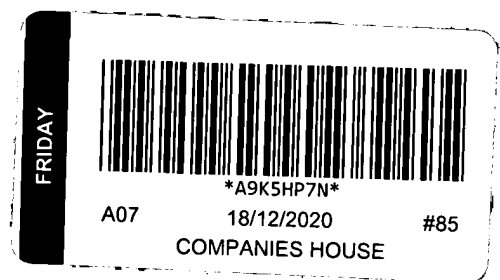


Registered No: 3525529

# Agrovista UK Limited

## Reports and Financial Statements

31 December 2019



## Company Information

### Directors

C Clayton  
T Asai  
D Brown  
Y Kodaira  
S Moriyama  
N Yabe

### Secretary

D Brown

### Auditors

Ernst & Young LLP  
No. 1 Colmore Square  
Birmingham  
B4 6HQ

### Bankers

Lloyds Bank plc  
25 Gresham Street  
London  
EC2V 7HN

### Registered Office

Rutherford House  
Nottingham Science and Technology Park  
University Boulevard  
Nottingham  
Nottinghamshire  
NG7 2PZ

## Strategic report

### Principal activities and review of the business

The company's principal activities are the sale of agrochemicals, seed, fertiliser and the provision of advice to farmers and growers, along with amenity, glasshouse and horticulture organisations in Great Britain.

The company's key financial and other performance indicators during the year were:

	2019	2018	Change
	£000	£000	%
Turnover	168,648	165,543	+2%
Operating profit	6,595	7,217	-8%
Profit after tax	6,241	6,786	-18%
Equity	48,622	45,774	+5%
Current assets as % of current liabilities	234%	232%	+2%
Average number of employees	333	316	+5%

Turnover from continuing operations during the year ended 31 December 2019 increased by £3.1m to £168.6m. Profit for the year after taxation amounted to £6,241,000 (2018: £6,786,000). Dividend payments totalling £3,393,000 (2018: £2,980,000) were made in the year. Consequently, equity increased by £2,192,000 to £47,966,000. The business continued to fund all investments, capital expenditure and working capital requirements from internal funds and operated a positive cash position throughout the year. The year-end cash balance was £123,000 (2018: £11,140,000).

The company completed the acquisition of Wallace of Kelso Limited on January 3<sup>rd</sup> 2019 and the operations and activities of Wallace of Kelso were hived-up into Agrovista with immediate effect with full IT and process integration achieved quickly and effectively.

The year started well, with good Spring trading augmented by the inclusion of the Wallace business. However, the wettest autumn for many years led to a significant drop in turnover in the second half of the year. The consequent reduction in gross margin meant that income was insufficient to cover the increased cost-base following the Wallace integration and Operating Profit fell by £622,000 (8%).

The company completed the purchase of the share capital of Amenity Land Solutions Limited on December 12<sup>th</sup> 2019. This important acquisition in the Amenity segment delivers both an important increase in our turf agronomist population as well as a market-leading presence in online sales.

The company operates a culture of environmental care adopting high levels of standards in all areas of operation to minimise our environmental impact. Health and Safety continues to take a high profile with including the continued implementation of BASIS pesticide storage standards.

### Future developments

The impact of the wet autumn 2019 will have a profound impact on the level and quality of crops planted for harvest in 2020, with a corresponding reduction in the investment made by growers to protect and develop those crops in Spring 2020. Whilst an expectation of recovery in the autumn of 2020, combined with the addition of the Amenity Land Solutions business, will mitigate the sales downsides from the Spring, management anticipate that profitability will decline in calendar year 2020.

## Strategic report (continued)

### Future developments (continued)

The COVID 19 pandemic has had a profound effect on the general business, economic and social environment in the UK. Agrovista is fortunate in that the core of our activity is considered to be essential so the impact for our arable business has been slight. Our amenity segment was more significantly impacted in the Spring; however, this was offset by strong growth in online sales and recovery in the latter part of the year as outdoor sport recommenced. The Leadership Team has been meeting twice weekly since February and worked quickly to establish and implement protocols and procedures to ensure safe working conditions for all our staff, with a particular focus on our depot network and office locations. Staff continue to work from home where possible, with additional protection installed in depots and offices.

The response and reaction from the Agrovista team has been outstanding and the Board are truly grateful for the commitment, dedication and care that has been demonstrated across the business.

### Principal risks and uncertainties

The directors consider the following to be the principal risks and uncertainties for the business:

#### BREXIT

The departure from Europe of the UK will increase risk in two key areas: supply and farm profitability.

A significant proportion of our sales are generated from products imported from or via the EU, in most cases via the UK entity of the original manufacturer. To mitigate potential supply disruption, additional stocks were purchased ahead of the original BREXIT date of March 31<sup>st</sup>, 2019 which corresponded to the peak of demand for our sector being in the middle of spring. The final revised date of December 31<sup>st</sup> 2020 falls in a quieter period which will reduce the immediate impact of supply disruption although we will continue to monitor port/border disruptions and UK warehousing availability in the first few weeks. Over 75% of our business is in sales crop protection products, which would have 6% tariffs in the event of a “no deal” BREXIT. We are working with key suppliers to mitigate and manage this risk.

Beyond that, the broader impact on UK agriculture is influenced by many other factors such as future agricultural policy, farm subsidies, and potential trade deals with non-EU markets. Predictions are subject to too many variables to make accurate forecasts. However, we do not forecast a major immediate impact on crop production where much of our business is conducted due to the exportable crop surplus being small and manageable. Additionally, weak sterling is underpinning relatively strong commodity prices. Sectors dependent on exports to the EU, such as lamb production, will be more severely affected so we anticipate a greater impact on mixed farms with both crop and livestock production and are paying closer attention to credit risk for this proportion of our customer base. It remains to be seen whether support packages will be established to support those sectors badly affected.

#### Foreign exchange risk

The market for agricultural inputs continues to be affected by foreign currency exchange rate movements as most are produced in the Euro or Dollar zones. Availability is also a factor as manufacturers continue to seek to tightly manage their working capital. To the limited extent that the company has non-sterling denominated sales or purchases, no steps are taken to hedge the exposure and therefore, except where a natural hedge exists, the company is exposed to fluctuations in the underlying currency. This risk has been heightened by the increased currency volatility surrounding BREXIT and is the subject of ongoing policy review.

#### Legislation risk

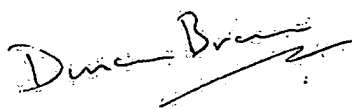
European legislation and the revocation of existing products remains an issue affecting the availability of actives for growers. The exit of the UK from the EU has potential upsides provided the UK Regulatory authority is allowed to take science-based decisions independently from the EU. A degree of regulatory autonomy from Brussels would be very welcome.

## Strategic report (continued)

### Credit risk

Credit risk is managed through policies which require that deferred terms are only granted to customers who demonstrate appropriate payment history and satisfy credit worthiness procedures. The company continues to have an excellent record in assessing credit control risks.

By order of the board

A handwritten signature in black ink, appearing to read 'D Brown', with a long horizontal stroke extending to the right.

D Brown  
Secretary

11<sup>th</sup> December 2020

## Strategic report

### Directors' Report

Registered No. 3525529

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

#### Dividends

The directors do not recommend a final dividend (2018: £nil). Dividends of £3,393,000 (2018: £2,980,000) were paid during the year.

#### Going concern

The Company's business activities together with the factors likely to impact its future development, performance and position are set out in the Strategic Report. The Company has well established relationships with customers and suppliers. The Company's financial forecasts, taking into consideration the current environment and the COVID-19 pandemic, show that the Company is expected to remain profitable and generate positive cash flows giving the Company the ability to continue to operate for the foreseeable future. As a consequence, the directors believe that the Company is a going concern and is well placed to manage its business risk successfully.

The Company has the financial support of the ultimate parent company, the Marubeni Corporation, which has sufficient cash and liquidity to fund the operations if necessary and a letter of support has been provided indicating that it will continue to support the business for at least 12 months from the date of approval of these financial statements.

Agrovista UK Limited has prepared a cash flow forecast for the period through to 31 December 2021, considering severe yet plausible downside scenarios along with a reverse stress test, noting any controllable cost and investment mitigations to protect liquidity. In all plausible scenarios considered, Agrovista UK Limited would still have sufficient profitability and liquidity to fund continued business operation.

Having considered all the above, including the current financial position of the Marubeni Corporation and its willingness to provide financial support to the Company as needed, the directors remain confident in the long-term future prospects for the Company and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

#### Directors

The directors who served the company during the year, and up to the date of the financial statements being approved, were as follows:

D Brown  
T Asai (appointed 1 April 2020)  
C Clayton  
M Ishizuki (resigned 1 April 2020)  
Y Kodaira  
S Moriyama (appointed 1 April 2020)  
T Oda (resigned 16 April 2019)  
T Saito (appointed 16 April 2019, resigned 1 April 2020)  
T Sekita (resigned 1 April 2020)  
N Yabe (appointed 1 April 2020)

## Strategic report (continued)

### Directors' liabilities

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision is in force as at the date of approving the directors' report.

### Disabled employees

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

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

### Employee involvement

The company is committed to providing an environment where all employees can thrive and are empowered, confident and excited about the business. This is clearly communicated and shared through 'The Agrovista Way' which is the company's purpose, vision and values statement.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



D Brown  
Secretary

11<sup>th</sup> December 2020

## Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.



## Section 172(1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 (the “Regulations”) have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. Amongst other things, the Regulations require the Company to report how the directors of the Company have considered their duties under section 172 (of the Companies Act 2006 (the “Act”)) (“Section 172”), to promote the success of the Company, during the reporting period.

The Directors have ensured compliance with their duties under s.172 in relation to the Company and its various stakeholders, including its investors, workforce, customer and suppliers, local communities and the environment. As a wholly-owned subsidiary of the Marubeni Group, the Company has a sole member. Engagement with the Company’s stakeholders has informed the way in which the Directors have discharged their duties as detailed below. Where individual Directors are not directly involved in the processes described below, regular feedback and discussions are held with the relevant management teams, including Board meetings and operational review meetings. The Directors have oversight of the running of the Company, including through regular reviews of the contract performance and consideration of potential risks and opportunities.

The main purpose of the Company is the sale and distribution of agrochemicals, seed, fertiliser and the provision of advice to farmers and growers, along with amenity, glasshouse and horticulture organisations across Great Britain, in a manner which provides an appropriate return for its shareholder whilst providing a valuable contribution to the communities in which we operate both as a key local employer and provider of locally-sourced agronomy and product delivery to our customers. The Company interacts on a continuous basis with employees and its shareholder and has regular and frequent engagement with its main customers, suppliers and other stakeholders.

### Workforce (past and present)

#### Current Employee Engagement

In 2018 the Company introduced The Agrovista Way to describe the values, culture and behaviours that we aspire to as an organisation. Since then we have conducted quarterly pulse surveys with all employees which include open questions and ask for feedback on specific areas of the business or new initiatives being introduced. The latest survey had a response rate of 82%.

Employee involvement and understanding of the business is encouraged through regular communication from the Managing Director to all employees detailing company performance and Annual conferences where we share not only company strategy but provide insight into the industry and external factors impacting on the business.

A new innovation during 2019 was the introduction of the Yammer social media platform where all employees can post on work-related or general topics.

We are committed to lead in a way that empowers, develops, and involves all employees.

#### Post-retirement benefits

The Company provides post retirement pension provisions for both its current employees and in respect of previous employees, through defined contribution pension schemes. The pension scheme is administered on behalf of the Company by Aviva and we also provide voluntary access to an independent financial advisor.

## Section 172(1) Statement (continued)

### Customer

Agrovista has a broad customer base spanning both fully serviced and supply only clients who, in turn, range from small, family owned farming enterprises to national agri-businesses. The business provides a wide range of crop protection and nutritional products and expert agronomic advice to UK growers in all areas of agricultural and horticultural production.

The business aims to be the customers' 'Go-to Partner' in terms of the provision of both advice and product supply and our team of more than 110 agronomists are skilled in managing the whole customer lifecycle to ensure both parties generate value. Given the ever-changing variables of cropping, pest and disease pressure, farm type, regulation and end-market demands, the relationship between agronomist and customer is one requiring constant communication and knowledge transfer. As a result, customer relationships tend to be both deep and enduring often spanning generations within farming families.

The extensive product range needed to fulfil customer demands effective forecasting in order provide timely delivery which is often critical with growing crops and the relationship between salesperson, delivery depot and central procurement requires regular forecasting and planning which is embedded in our sales management process. Product pricing is dynamic and is managed with central oversight to ensure that product price changes are implemented, and the value proposition maintained.

Our teams undergo continuous professional development under the guise of both internal training and national regulatory registration. Teams are also engaged in supporting customers in their professional development carrying out group workshops, bespoke training and technical demonstrations.

### Supplier

Given the nature of the industry, supplier choice is limited. Agrovista is therefore committed to being a distributor of choice to the key industry manufacturers/ suppliers. We aim to work in close partnership in an open and transparent relationship where risks and benefits are shared equitably. At the heart of this strategy is our continued investment in our own R&D platform that allows us to work with our suppliers to position products in a mutually beneficial way within the Agrovista portfolio to the benefit of our loyal customers. Purchasing decisions are based first and foremost on the technical performance and fit of the product and secondly on the commercial terms. We work hand in hand with our suppliers to create awareness and understanding of key products at the grower level.

We regularly interact with our key suppliers throughout the year and provide feedback on each other's performance, focusing on areas for improvement. Key suppliers are ranked on a balanced scorecard of KPI's and given clear feedback on areas of excellence and areas in need of improvement. This serves to create a focus on continuous improvement and strategic development.

### Community

Agrovista's sales and distribution network is predicated around 26 depots in predominantly rural locations. As such, many play a key part in local economies and the social fabric of communities. Colleagues frequently engage with their communities through national initiatives such as Open Farm Sunday as well as being involved with individual local charities and projects. The Covid 19 pandemic this year saw many depots and their teams re-appropriating items of PPE for, and volunteering with, local businesses in proximity to their place of work – a great example of the Agrovista Way in practise.

## **Section 172(1) Statement (continued)**

### **Environmental**

The Company is committed to environmental sustainability in our operations and products. The Company adheres to all domestic environmental regulations and approved code of practices which govern activities or operations that may have adverse environmental effects.

In pursuit of a more tangible focus for our improvement program, in 2018 the Company initiated a program to measure, manage and more accurately monitor our environmental impact and standards. In May 2019 we were pleased to achieve ISO14001:2015 Environmental Management certification through Lloyds Register, and now have a platform of measures to target and improve our overall environmental performance.

This will allow the Company to adopt high levels of environmental standards in all areas of operation, meet the relevant legislative requirements and to commit to a continual improvement of the environmental management and assessment of the environmental impact of our business.

Prior to the award of ISO14001 limited data was available against which to make accurate assessment. Accordingly, the Company will publish key performance indicators in the 2020 annual report.

### **Principal decisions in the year**

The most significant decision was the investment in Amenity Land Solutions Limited, both strengthening the position of the Company in the amenity sector and providing access to a well-established and successful on-line sales platform. Continued personal and professional development of our agronomists is a fundamental belief for the Company which this year saw the launch of our Accelerating Agronomist programme, a two year syllabus designed to provide training and practical experience for our established agronomists as they develop their careers within the Company. Business operations have been improved by further investment in optimisation of route and load planning which will see the introduction of electronic point of delivery recording during 2020.

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## **Independent auditors' report**

**to the members of Agrovista UK Limited**

### **Opinion**

We have audited the financial statements of Agrovista UK Limited for the year ended 31 December 2019 which comprise the Income statement, Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 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 Auditor's responsibilities for the audit of the financial statements section of our report below. 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.

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## **Independent auditors' report**

**to the members of Agrovista UK Limited (continued)**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

## Independent auditors' report

to the members of Agrovista UK Limited (continued)

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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 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.

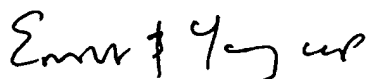
### Auditor's responsibilities for the audit of the financial statements

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the 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.



Steven Bagworth (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham

Date: 16 December 2020

## Income statement

for the year ended 31 December 2019

		2019	2018
	Notes	£000	£000
<b>Turnover</b>	2	168,648	165,543
Cost of sales		(146,803)	(144,895)
<b>Gross Profit</b>		21,845	20,648
Distribution costs		(6,560)	(5,930)
Administrative expenses		(8,690)	(7,501)
<b>Operating Profit</b>	3	6,595	7,217
Interest receivable and similar income	6	231	152
Income from investments		–	207
<b>Profit on ordinary activities before taxation</b>		6,826	7,576
Tax	7	(585)	(790)
<b>Profit for the financial year</b>		6,241	6,786

All amounts relate to continuing activities.

## Statement of comprehensive income

for the year ended 31 December 2019

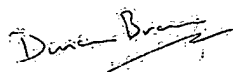
There are no items of other comprehensive income such that the profit above of £6,241,000 in the year ended 31 December 2019 (2018: £6,786,000) equals total comprehensive income for the year.

## Balance sheet

at 31 December 2019

	Notes	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	9	9,030	6,924
Tangible assets	10	1,946	1,362
Investments	11	5,713	2,043
		<u>16,689</u>	<u>10,329</u>
<b>Current assets</b>			
Stocks	12	23,348	18,792
Debtors	13	31,824	32,689
Cash at bank and in hand		123	11,140
		<u>55,295</u>	<u>62,621</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(23,268)</u>	<u>(26,989)</u>
<b>Net current assets</b>		<u>32,027</u>	<u>35,632</u>
<b>Total assets less current liabilities</b>		<u>48,716</u>	<u>45,961</u>
<b>Creditors: amounts falling due after one year</b>	15	<u>(94)</u>	<u>(187)</u>
<b>Net assets</b>		<u>48,622</u>	<u>45,774</u>
<b>Capital and reserves</b>			
Called up share capital	16	7,600	7,600
Capital redemption reserve	17	5,600	5,600
Profit and loss account	17	35,422	32,574
<b>Total equity shareholder's funds</b>	17	<u>48,622</u>	<u>45,774</u>

Approved by the board:



D Brown  
Director

11<sup>th</sup> December 2020



## Statement of changes in equity

For the year ended 31 December 2019

	Called up capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	7,600	5,600	28,768	41,968
Profit for the year	–	–	6,786	6,786
Dividend paid	–	–	(2,980)	(2,980)
At 31 December 2018	<u>7,600</u>	<u>5,600</u>	<u>32,574</u>	<u>45,774</u>
Profit for the year	–	–	6,241	6,241
Dividend paid	–	–	(3,393)	(3,393)
At 31 December 2019	<u>7,600</u>	<u>5,600</u>	<u>35,422</u>	<u>48,622</u>

## Notes to the financial statements

at 31 December 2019

### 1. Accounting policies

#### **Statement of compliance**

Agrovista UK Limited is a limited liability company incorporated in England. The registered office is Rutherford House, Nottingham Science & Technology Park, University Boulevard, Nottingham, NG7 2PZ.

The company's financial statements have been prepared in compliance with FRS 102 as it applied to the financial statements of the company for the year ended 31 December 2019.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with Companies Act 2006 and United Kingdom applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

The financial statements have been prepared on the going concern basis as the directors consider the company has sufficient funds to meet its obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements.

The financial statements present information about the company as an individual undertaking and not as a group. The company is exempt from preparing consolidated financial statements under Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary of Marubeni Corporation, registered and incorporated in Japan, which prepares consolidated financial statements.

#### **Going concern**

The Company's business activities together with the factors likely to impact its future development, performance and position are set out in the Strategic Report. The Company has well established relationships with customers and suppliers. The Company's financial forecasts, taking into consideration the current environment and the COVID-19 pandemic, show that the Company is expected to remain profitable and generate positive cash flows giving the Company the ability to continue to operate for the foreseeable future. As a consequence, the directors believe that the Company is a going concern and is well placed to manage its business risk successfully.

The Company has the financial support of the ultimate parent company, the Marubeni Corporation, which has sufficient cash and liquidity to fund the operations if necessary and a letter of support has been provided indicating that it will continue to support the business for at least 12 months from the date of approval of these financial statements.

Agrovista UK Limited has prepared a cash flow forecast for the period through to 31 December 2021, considering severe yet plausible downside scenarios along with a reverse stress test, noting any controllable cost and investment mitigations to protect liquidity. In all plausible scenarios considered, Agrovista UK Limited would still have sufficient profitability and liquidity to fund continued business operation.

Having considered all the above, including the current financial position of the Marubeni Corporation and its willingness to provide financial support to the Company as needed, the directors remain confident in the long-term future prospects for the Company and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

#### **Statement of cash flows**

The directors have taken advantage of the exemption in FRS 102 from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements.

## Notes to the financial statements

at 31 December 2019

### Accounting policies (continued)

#### **Goodwill**

Goodwill is the difference between the cost of an acquired business and the aggregate of the fair value of that entity's identifiable assets and liabilities including the fair value of acquired intangible assets.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### **Tangible fixed assets and depreciation**

All fixed assets are initially recorded at cost. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold property	–	Maximum of 40 years
Leasehold property	–	Amortised over the life of the lease
Plant and machinery	–	Over 3 to 20 years
Fixtures and fittings	–	Over 3 to 20 years
Motor vehicles	–	Over 3 to 5 years
Computer equipment	–	Maximum 5 years

#### **Investments and investment income**

Investments are stated at cost less any provisions for impairment. Impairment reviews are performed in the event that the directors consider that there are indicators of impairment.

Dividend income is recognised when the right to receive payment is established.

#### **Turnover**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods.

#### **Stocks**

Stocks 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 based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### **Taxation**

The charge for taxation is based on the result for the year and takes into consideration timing differences arising as a result of different treatments of certain items for taxation and accounting purposes.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements

at 31 December 2019

### Accounting policies (continued)

#### *Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key areas of judgement impacting these financial statements are in respect of the assumptions used for bad and doubtful debt provision and customer rebates.

#### *Operating leases*

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term.

#### *Pensions*

The company operates a defined contribution pension scheme. Contributions are charged in the income statement as they become payable in accordance with the rules of the scheme.

#### *Rebates receivable*

Rebates in respect of trade purchases are recognised on the basis of cash received, other than those where a formal agreement exists, in which case, they are accounted for on an accruals basis.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the exchange rate ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the relevant rates of exchange ruling at the balance sheet date. All exchange differences are taken to the income statement.

## 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. It is attributable to one continuing activity, the selling of supplies and services to the agricultural industry, primarily in the United Kingdom.

	2019 £000	2018 £000
United Kingdom	166,048	163,741
Other EU	2,596	1,648
Non-EU	4	154
	<u>168,648</u>	<u>165,543</u>

## Notes to the financial statements

at 31 December 2019

### 3. Operating profit

This is stated after charging/(crediting):

		2019 £000	2018 £000
Auditors' remuneration	Audit services	62	60
	Audit related services	–	12
	Taxation services	10	8
		<u>72</u>	<u>80</u>
Depreciation of owned fixed assets:	Leasehold property	87	56
	Fixtures, fittings and computers	323	241
	Motor vehicles	106	78
	Software	161	145
Amortisation of goodwill		<u>975</u>	<u>864</u>
		<u>1,652</u>	<u>1,384</u>
Gain on disposal of fixed assets		(19)	(10)
Foreign exchange loss		(14)	31
Operating lease rentals	plant and machinery	1,234	1,129
	land and buildings	<u>966</u>	<u>834</u>

### 4. Directors' remuneration

	2019 £000	2018 £000
Remuneration	<u>517</u>	<u>578</u>
(Reduction in)/amounts receivable under long term incentive plans	<u>(100)</u>	<u>89</u>
Value of company pension contributions to money purchase schemes	<u>31</u>	<u>38</u>
	<u>No.</u>	<u>No.</u>
Members of money purchase pension schemes	<u>2</u>	<u>2</u>

The amounts in respect of the highest paid director are as follows:

	2019 £000	2018 £000
Remuneration	<u>342</u>	<u>394</u>
(Reduction in)/amounts receivable under long term incentive plans	<u>(55)</u>	<u>45</u>
Value of company pension contributions to money purchase schemes	<u>8</u>	<u>19</u>

## Notes to the financial statements

at 31 December 2019

### 4. Directors' remuneration (continued)

Of the directors that served in the year, eight are also directors of other subsidiary undertakings within the Marubeni Corporation group and their remuneration for the year was paid by other Marubeni Corporation undertakings. These directors did not receive any remuneration in relation to the company as the qualifying services provided to the company were incidental to the qualifying services provided to other Marubeni Corporation subsidiary undertakings.

### 5. Staff costs

	2019 £000	2018 £000
Wages and salaries	14,189	13,666
Social security costs	1,649	1,542
Other pension costs	2,137	1,986
	<u>17,975</u>	<u>17,194</u>

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

	No.	No.
Administration and management	46	40
Sales, workshop and production	287	276
	<u>333</u>	<u>316</u>

### 6. Interest receivable and similar income

	2019 £000	2018 £000
Bank interest	75	68
Other interest receivable	156	84
	<u>231</u>	<u>152</u>

## Notes to the financial statements

at 31 December 2019

### 7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2019 £000	2018 £000
<b>Current tax:</b>		
UK corporation tax on the profit for the year	1,129	1,593
Adjustment in respect of previous years	(501)	(819)
Total current tax (note 7(b))	628	774
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(25)	18
Effect of changes in tax rate	3	(2)
Adjustment in respect of previous years	(21)	–
Total deferred tax (note 7(c))	(43)	16
 Total tax per income statement	 585	 790

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

	2019 £000	2018 £000
Profit on ordinary activities before tax	6,826	7,576
Tax on profit at standard UK rate of tax of 19% (2018 – 19%)	1,297	1,439
<b>Effects of:</b>		
Disallowed expenses and non-taxable income	190	214
Non taxable income	(7)	(42)
Effects of group relief/other relief	(376)	–
Adjustments in respect of previous years	(522)	(819)
Tax rate changes	3	(2)
Tax charge for the period	585	790

## Notes to the financial statements

at 31 December 2019

### 7. Tax (continued)

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2019	2018
	£000	£000
Included in debtors (note 13)	169	163

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

	2019		2018	
	Provided	Not provided	Provided	Not provided
	£000	£000	£000	£000
Depreciation in advance of capital allowances	145	–	123	–
Other	24	–	40	–
Deferred tax asset	169	–	163	–

£000

At 1 January 2019	163
Profit and loss account movement arising in the year (note 7(a))	43
Movement arising from the transfer of trade	(37)
At 31 December 2019	169

Deferred tax assets of £nil (2018 – £nil) have not been recognised. This asset arises from capital losses and is not available to offset against any future taxable profits, other than capital gains.

### 8. Dividends

	2019	2018
	£000	£000
Ordinary shares – interim paid 44.6p (2018 – 39.2p)	3,393	2,980

No final dividend is proposed for the year ending 31 December 2019 (2018 – £nil).



## Notes to the financial statements

at 31 December 2019

### 9. Intangible fixed assets

	<i>Software</i> £000	<i>Goodwill</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2019	1,333	17,010	18,343
Acquisition	43	3,339	3,382
Adjustment	–	(140)	(140)
Disposals	(44)	–	(44)
At 31 December 2019	1,332	20,209	21,541
Amortisation:			
At 1 January 2019	624	10,795	11,419
Provided during the year	161	975	1,136
Disposals	(44)	–	(44)
At 31 December 2019	741	11,770	12,511
Net book value:			
At 31 December 2019	591	8,439	9,030
At 1 January 2019	709	6,215	6,924

Goodwill is being amortised evenly over the directors' estimate of the useful life of each acquisition, being the lower of 10 years or its remaining useful life at the point of transition to FRS 102.

### 10. Tangible fixed assets

	<i>Leasehold property</i> £000	<i>Plant, machinery, fixtures, fittings &amp; computers</i> £000	<i>Motor vehicles</i> £000	<i>Total</i> £000
Cost:				
At 1 January 2019	900	2,021	462	3,383
Additions	314	610	265	1,189
Disposals	(45)	(111)	(372)	(528)
At 31 December 2019	1,169	2,520	355	4,044
Depreciation:				
At 1 January 2019	503	1,104	414	2,021
Provided during the year	87	323	106	516
Disposals	(44)	(108)	(287)	(439)
At 31 December 2019	546	1,319	233	2,098
Net book value:				
At 31 December 2019	623	1,201	122	1,946
At 1 January 2019	397	917	48	1,362

## Notes to the financial statements

at 31 December 2019

### 11. Investments

	<i>Fixed asset investments</i>
	<i>£000</i>
Cost:	
At 1 January 2019	2,187
Additions	7,306
Transfer to goodwill	(3,636)
At 31 December 2019	<u>5,857</u>
Provision for impairment:	
At 1 January 2019 and 31 December 2019	<u>(144)</u>
Net book value:	
At 31 December 2019	<u>5,713</u>
At 1 January 2019	<u>2,043</u>

Details of the investments which the company holds are as follows:

Name of company	Holding	Country of incorporation	Proportion of voting rights and shares held	Nature of business
Willoughby (369) Limited	Ordinary shares	UK	100%	Holding company
Agronomy Connection Limited	Ordinary shares	UK	100%	Arable agronomy
Alpha Amenity Limited	Ordinary shares	UK	100%	Dormant
Wallace of Kelso Limited	Ordinary shares	UK	100%	Agriculture
South West Seeds Limited	Ordinary shares	UK	100%	Dormant
Dignity Seeds Limited	Ordinary shares	UK	100%	Holding company
John Ebbage Seeds Limited *	Ordinary shares	UK	100%	Dormant
Terra Firma (Scotland) Limited	Ordinary shares	UK	100%	Dormant
Amenity Land Solutions Limited	Ordinary shares	UK	100%	Holding company
Maxwell Amenity Limited *	Ordinary shares	UK	100%	Amenity
Pitchcare.com Limited *	Ordinary shares	UK	100%	Dormant

\* Indirectly owned

The registered office for all the companies listed above is Rutherford House, Nottingham Science and Technology Park, University Boulevard, Nottingham NG7 2PZ with the following exceptions:

- The registered office of Willoughby (369) Limited is One, Colton Square, Leicester, LE1 1QH
- The registered office of South West Seeds Limited is Kilfaddoch, Closeburn, Thornhill, Dumfries-Shire, DG3 5HW
- The registered office of Terra Firma (Scotland) Limited is Unit 11 Manor Farm Business Park, Manor Farm, Stirling, Scotland, FK9 5QA
- The registered office for Wallace of Kelso Limited is Bowmont Street, Kelso, Roxburghshire, TD5 7EA

## Notes to the financial statements

at 31 December 2019

### 11. Investments (continued)

In January 2019 the company acquired the remaining 51% of the share capital of Wallace of Kelso Limited for a consideration of £2,035,000.

On 3 January 2019 the business of the subsidiary Wallace of Kelso Limited was partially hived up into the company.

	Fair value £000
Fixed assets	288
Net working capital	9
Net assets	<u>297</u>
Goodwill arising on acquisition	3,339
	<u>3,636</u>
Satisfied by	
Cash	3,618
Legal costs	18
	<u>3,636</u>

Cash

The company was acquired in 5 tranches from March 2013 to January 2019 for a total consideration of £3,818,000. The difference between the consideration paid and the total above represents the fair value of £200,000 of the property at Bowmont Street, Kelso ownership of which is retained by Wallace of Kelso Limited

In December 2019 the company acquired 100% of the share capital of Amenity Land Solutions Limited for a consideration of £5,000,000.

### 12. Stocks

	2019 £000	2018 £000
Finished goods	<u>23,348</u>	<u>18,792</u>

## Notes to the financial statements

at 31 December 2019

### 13. Debtors

	2019 £000	2018 £000
Trade debtors	24,960	25,688
Prepayments and accrued income	5,637	5,167
Deferred taxation (note 7(c))	169	163
Other taxes	1,058	1,671
	<u>31,824</u>	<u>32,689</u>

### 14. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	15,910	18,906
Amounts owed to group undertakings	1,092	2,104
Other taxes and social security costs	1,576	2,247
Accruals and deferred income	3,689	3,732
Overdraft	1,001	–
	<u>23,268</u>	<u>26,989</u>

### 15. Creditors: amounts falling due after one year

	2019 £000	2018 £000
Accruals and deferred income	<u>94</u>	<u>187</u>

## Notes to the financial statements

at 31 December 2019

### 16. Issued share capital

		2019	2018
		£000	£000
<i>Authorised</i>			
Ordinary shares of £1 each		7,600	7,600
		2019	2018
		No. £000	No. £000
<i>Allotted, called up and fully paid</i>			
Ordinary shares of £1 each	7,600,000	7,600	7,600

### 17. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Capital redemption reserve	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000
At 1 January 2018	7,600	5,600	28,768	41,968
Profit for the year	—	—	6,786	6,786
Dividend (note 8)	—	—	(2980)	(2,980)
At 1 January 2019	7,600	5,600	32,574	45,774
Profit for the year	—	—	6,241	6,241
Dividend (note 8)	—	—	(3,393)	(3,393)
At 31 December 2019	7,600	5,600	35,422	48,622

### 18. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £45,343 (2018: £60,663).

### 19. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund. The pension costs for the period amounted to £2,137,000 (2018: £1,988,000). Contributions of £nil were due at the year-end (2018: £nil).

## Notes to the financial statements

at 31 December 2019

### 20. Other financial commitments

At 31 December 2019 the company had contractual commitments under non-cancellable operating leases as set out below:

	2019		2018	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	162	158	117	208
In two to five years	1,122	874	1,109	812
In over five years	2,057	–	1,222	–
	<u>3,341</u>	<u>1,032</u>	<u>2,448</u>	<u>1,020</u>

### 21. Related party transactions

The company is a wholly owned subsidiary of the Marubeni Corporation, the group financial statements of which are publicly available.

Accordingly, the company has taken advantage of the exemption in FRS 102 paragraph 33 from disclosing transactions with other wholly owned companies of the Marubeni Corporation.

### 22. Post balance sheet events

The COVID 19 pandemic has had a profound effect on the general business, economic and social environment in the UK. Agrovista is fortunate in that the core of our activity is considered to be essential so the impact for our arable business has been slight. Our amenity segment was more significantly impacted in the Spring; however, this was offset by strong growth in online sales and recovery in the latter part of the year as outdoor sport recommenced.

### 23. Ultimate parent undertaking and controlling party

Agrovista UK Limited is wholly owned by Agrovista BV, registered and incorporated in the Netherlands.

The ultimate parent undertaking and controlling party is the Marubeni Corporation, registered and incorporated in Japan. This is the smallest and largest group of which the company is a member for which group financial statements are prepared.

Copies of the ultimate parent undertaking's group financial statements may be obtained from Marubeni Corporation 4-2 Ohtemachi 1-Chrome, Chiyoda-Ku, Tokyo 100-88, Japan (CPO Box 595, Tokyo 100-91 Japan).