

**GFP (Agriculture) Limited**

Directors' report and financial  
statements

Registered number 07066444

30 June 2019



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## Strategic report

### Business review

The results for the year are shown in the attached profit and loss account. The directors consider the results satisfactory.

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

Summarised results are given below:	2019 £000	2018 £000
Turnover	16,289	13,777
Profit after taxation for the financial year	701	594

### Financial instruments

The company's activities expose it to a variety of financial risks that include commodity price and position risk, credit risk, interest rate risk. Senior operating management and Board members regularly review financial risk against established policies.

*Commodity Price And Position Risk* – The trading activities of the business necessitate that forward positions are taken in order to meet supply requirements in the ordinary course of business. Senior Management regularly review positions and futures markets

*Credit Risk* – Where appropriate, credit checks are performed on potential customers before sales are transacted. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the Executive Directors.

*Interest Rate Risk* – The Company is exposed to movements in the level of interest rates.

### Brexit

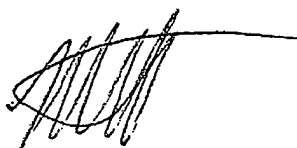
We continue to monitor the potential impact of the UK's vote to leave the European Union. UK sales represent 100% of GFP's sales, and the majority of the supply chain is within the UK. As you would expect, we are working diligently with customers and suppliers to minimise any potential disruption to our supply chain and to our customers. Additionally, the fluctuations in exchange rates arising from the uncertainty caused by Brexit may have an impact on GFP's results.

### Employees

During the year the company made arrangements for providing information to employees on matters of concern to them, involving employees in the decision-making process and developing a common awareness of the factors affecting the performance of the company.

The company does all that is practicable to meet its responsibility towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

On behalf of the board:



**M J Gibson**

Director

Dated: 12 June 2020

Weston Centre  
10 Grosvenor Street  
London  
United Kingdom

## **Directors' report**

The directors present their directors' report and financial statements for the year ended 30 June 2019.

### **Principal activities**

The company's principal activity during the year continued to be that of grain and seed cleaning, seed dressing and ancillary services.

### **Directors**

The following persons served as directors during the year and to the date of this report:

M J Gibson  
M J Phillips  
K M Aitchison  
D MacDuff

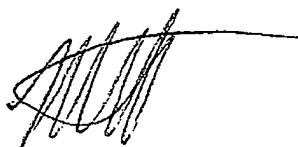
### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board:

A handwritten signature in black ink, appearing to be 'M J Gibson', written over a horizontal line.

**M J Gibson**  
*Director*

Dated: 12 June 2020

## **Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## Independent auditor's report to the members of GFP (Agriculture) Limited

### Opinion

We have audited the financial statements of GFP (Agriculture) Limited ("the company") for the year ended 30 June 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### Strategic report and directors' report

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



## Independent auditor's report to the members of GFP (Agriculture) Limited

(continued)

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

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

**Mark Flanagan** (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

St Nicholas House  
Park Row  
Nottingham NG1 6FQ

Dated: 12 June 2020

**Profit and loss account**  
*for year ended 30 June 2019*

	<i>Note</i>	<b>2019</b> £000	2018 £000
<b>Turnover</b>	2	16,289	13,777
Cost of sales		(15,010)	(12,570)
<b>Gross profit</b>		1,279	1,207
Administrative expenses		(463)	(473)
Other operating income		45	23
<b>Operating profit</b>		861	757
Interest receivable and similar income	6	7	-
Interest payable and similar charges	7	(1)	(16)
<b>Profit before taxation</b>		867	741
Tax on profit	8	(166)	(147)
<b>Profit for the financial year</b>		701	594

In both the current and prior year, the company made no material acquisitions and had no discontinued operations.

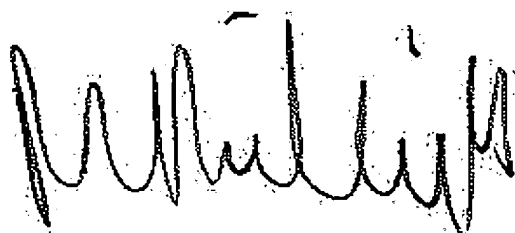
There were no recognised gains or losses in either the current or prior year other than the result shown above. Accordingly, no statement of other comprehensive income is presented.



**Balance sheet**  
*at 30 June 2019*

	<i>Note</i>	2019		2018	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Goodwill	<i>9</i>		31		34
Tangible assets	<i>10</i>		1,494		1,446
			<hr/>		<hr/>
			1,525		1,480
<b>Current assets</b>					
Stocks	<i>11</i>	542		760	
Debtors	<i>12</i>	1,755		1,274	
Cash at bank and in hand		286		262	
		<hr/>		<hr/>	
		2,583		2,296	
<b>Creditors: amounts falling due within one year</b>	<i>13</i>	(521)		(881)	
		<hr/>		<hr/>	
<b>Net current assets</b>			2,062		1,415
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			3,587		2,895
<b>Creditors: amount falling after more than one year</b>	<i>14</i>	-		(8)	
<b>Provisions for liabilities</b>					
Deferred tax liability	<i>16</i>	(52)		(53)	
		<hr/>		<hr/>	
			(52)		(61)
<b>Net assets</b>			3,535		2,834
			<hr/> <hr/>		<hr/> <hr/>
<b>Capital and reserves</b>					
Called up share capital	<i>17</i>		-		-
Profit and loss account			3,535		2,834
			<hr/>		<hr/>
<b>Shareholders' funds</b>			3,535		2,834
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the board of directors on 12 June 2020 and were signed on its behalf by:



**MJ Phillips**  
*Director*

Company registered number: 07066444

## Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2017	-	2,240	2,240
<b>Total comprehensive income for the year</b>			
Profit for the year	-	594	594
Transactions with owners recorded directly in equity	-	-	-
<b>Balance at 30 June 2018</b>	<u>-</u>	<u>2,834</u>	<u>2,834</u>

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2018	-	2,834	2,834
<b>Total comprehensive income for the year</b>			
Profit for the year	-	701	701
Transactions with owners recorded directly in equity	-	-	-
<b>Balance at 30 June 2019</b>	<u>-</u>	<u>3,535</u>	<u>3,535</u>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

GFP (Agriculture) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 07066444 and the registered address is Weston Centre, 10 Grosvenor Street, London, United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Frontier Agriculture Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Frontier Agriculture Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Frontier Agriculture Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

#### 1.1. *Measurement convention*

The financial statements are prepared on the historical cost basis.

#### 1.2. *Going concern*

The directors consider that the going concern assumption is appropriate as the company continues to be profitable, has cash at bank and has financing in place, via its parent company, sufficient to enable it to meet its financial obligations as they fall due.

The Covid 19 virus has emerged since our financial year end and at the date of approval of these financial statements the UK Government has put in place stringent measures limiting the movements of the UK population as part of its strategy to delay and contain the impact of the virus. However, the directors anticipate that the UK arable supply chain will continue to operate without significant interruption, despite the measures being implemented by the UK Government to limit the impact of Covid 19. The directors have undertaken scenario planning and prepared cash flow forecasts which indicate that the Company can manage the disruption caused by the Covid 19 virus. The Company's parent company, Frontier Agriculture Limited, has also confirmed its intention to provide continuing financial support to enable the Company to settle its liabilities as they fall due for at least 12 months from the audit report date. As with any company placing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so. In making this assessment, the directors, who are also directors of Frontier Agriculture Limited, have considered the overall position of the group and in particular the factors outlined in the note 1 of the financial statements of Frontier Agriculture Limited which were approved on 9 April 2020.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3. Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.4. Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.5. Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.6. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Plant, machinery and plant vehicles	10% to 20% straight line
Office Equipment	20% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Company elected not to restate business combinations that took place prior to 1 July 2014. In respect of acquisitions prior to 1 July 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

#### 1.8 Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill is tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that it may be impaired.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10. Impairment excluding stocks

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.11. Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### 1.12. Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers and arose entirely in the United Kingdom.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.13. Expenses

##### *Interest receivable*

Interest receivable is recognised in profit or loss as it accrues, using the effective interest method.

##### *Interest payable*

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### 1.14. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

**Notes** *(continued)*

**2 Turnover**

Turnover for the year ended 30 June 2019 was £16,289,000 (2018: £13,777,000). All turnover arose within the United Kingdom.

**3 Expenses and auditor's remuneration**

The audit fee for the Company in both the current and preceding year of £2,000 has been borne by the Company's parent, Frontier Agriculture Limited.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Frontier Agriculture Limited.

**4 Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	<b>Number of employees</b>	
	2019	2018
Administrative	6	6
Processing and distribution	9	10
	15	16

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	528	529
Social security costs	54	53
Contributions to defined contribution plans	13	10
	595	592

**5 Directors' remuneration**

	2019	2018
	£000	£000
Directors' remuneration	197	179

**6 Interest receivable and similar income**

	2019	2018
	£000	£000
Interest receivable on financial assets at amortised cost	7	-

Interest receivable and similar income represents amounts receivable from group undertakings



**Notes (continued)**

**7 Interest payable and similar charges**

	2019 £000	2018 £000
Interest payable on financial liabilities at amortised cost	1	16
	1	16

Interest payable and similar charges represent amounts payable to group undertakings

**8 Tax on profit**

**Total tax expense recognised in the profit and loss account**

	2019		2018	
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the year		172		156
Prior year adjustment		(5)		-
		167		156
<i>Deferred tax</i>				
Origination and reversal of timing differences	(6)		(9)	
Adjustments in respect of prior years	4		-	
Change in tax rate	1		-	
	(1)		(9)	
Total deferred tax		(1)		(9)
Total tax		166		147

**Reconciliation of effective tax rate**

	2019 £000	2018 £000
Profit for the year	701	594
Total tax expense	166	147
	867	741
Profit excluding taxation		
Tax using the UK corporation tax rate of 19% (2018: 19%)	165	141
Reduction in tax rate on deferred tax balances	1	-
Prior year adjustment	(1)	-
Non-deductible expenses	1	6
	166	147
Total tax expense included in profit or loss		

Reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was announced in the Budget on 16 March 2016 and substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

**Notes** (continued)

**9 Goodwill**

	<b>Goodwill £000</b>
<b>Cost</b>	
Balance at 1 July 2018 and 30 June 2019	50
	<hr style="border-top: 3px double #000;"/>
<b>Amortisation and impairment</b>	
Balance at 1 July 2018	16
Amortisation for the year	3
	<hr style="border-top: 1px solid #000;"/>
Balance at 30 June 2019	19
	<hr style="border-top: 3px double #000;"/>
<b>Net book value</b>	
At 30 June 2019	31
	<hr style="border-top: 3px double #000;"/>
At 30 June 2018	34
	<hr style="border-top: 3px double #000;"/>

The amortisation charge is recognised in administrative expenses in the profit and loss account.

**10 Tangible fixed assets**

	Land and buildings £000	Plant and machinery and plant vehicles £000	Office equipment £000	Total £000
<b>Cost</b>				
Balance at 1 July 2018	6	2,502	32	2,540
Additions	-	330	4	334
Disposals	-	-	-	-
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Balance at 30 June 2019	6	2,832	36	2,874
	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>
<b>Depreciation and impairment</b>				
Balance at 1 July 2018	-	1,068	26	1,094
Depreciation charge for the year	-	283	3	286
Disposals	-	-	-	-
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Balance at 30 June 2019	-	1,351	29	1,380
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<b>Net book value</b>				
At 30 June 2019	6	1,481	7	1,494
	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>
At 30 June 2018	6	1,434	6	1,446
	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>

The net carrying amount of assets held under finance leases included in plant and machinery is £22,000 (2018: £25,000)

**Notes** *(continued)*

**11 Stocks**

	2019	2018
	£000	£000
Raw materials and consumables	479	600
Finished goods	63	160
	542	760
	542	760

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £12,623,000 (2018: £10,440,000).

**12 Debtors**

	2019	2018
	£000	£000
Trade debtors	1,151	878
Amounts due from group undertakings	457	-
Other debtors	147	396
	1,755	1,274
	1,755	1,274

All debtors are due within one year.

**13 Creditors: amounts falling due within one year**

	2019	2018
	£000	£000
Trade creditors	124	202
Amounts due to group undertakings	-	114
Corporation Tax	99	95
Other creditors	292	463
Hire purchase creditor	6	7
	521	881
	521	881

**14 Creditors: amounts falling due more than one year**

	2019	2018
	£000	£000
Hire purchase creditor	-	8
	-	8

**Notes** *(continued)*

**15 Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019 £000	2018 £000
<b>Creditors falling due after more than one year</b>		
Hire purchase lease creditor	-	8
	-	8
<b>Creditors falling due within less than one year</b>		
Amounts due to group undertakings	-	114
Hire purchase creditor	6	7
	6	121

*Terms and debt repayment schedule*

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2019 £000	2018 £000
Amounts due to group undertakings	GBP	2.5%	-	On demand	-	114
Hire purchase creditor	GBP	3.1%	2020	Monthly	6	15
					6	129

All hire purchase lease liabilities are due in less than five years.

**16 Deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	2019 £000	2018 £000
Accelerated capital allowances	52	53
	52	53

**17 Capital and reserves**

**Share capital**

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**Notes** *(continued)*

**18 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	2019 £000	2018 £000
Less than one year	229	229
Between one and five years	914	914
More than five years	914	1,143
	2,057	2,286
	2,057	2,286

During the year £229,000 (2018: £218,000) was recognised as an expense in the profit and loss account in respect of operating leases.

**19 Defined contribution plans**

The company operates a defined contribution plan. The total expense relating to this plan in the current year was £13,000 (2018: £10,000).

**20 Related parties**

The Company is a wholly owned subsidiary of Frontier Agriculture Limited. Consequently the Company is exempt under section 33.1A of FRS 102 "Related Party Disclosures" from disclosing related party transactions with wholly owned subsidiaries of Frontier Agriculture Limited.

**21 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of Frontier Agriculture Limited, the ultimate controlling party.

The largest group in which the results of the Company are consolidated is that headed by Frontier Agriculture Limited, whose registered address is Weston Centre, 10 Grosvenor St, London W1k 4QY and which is incorporated in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

**22 Accounting estimates and judgements**

*Key sources of estimation uncertainty*

The preparation of financial statements in conformity with FRS 102 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Particular areas which are subject to accounting estimates and judgments in these financial statements are as follows:

- Recoverability of trade debtors – the recoverability of trade debtors is assessed on a specific basis with a particular focus on overdue balances.