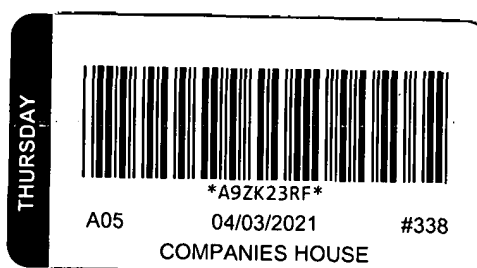


Registered number: 00088929



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020



PAULS MALT LIMITED

COMPANY INFORMATION

Directors	J-F Loiseau Y Shaepman C N G Tozer D R Wilkes
Company secretary	Goodbody Secretarial Northern Ireland Limited
Registered number	00088929
Registered office	24-25 Eastern Way Bury St Edmunds Suffolk IP32 7AD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU
Bankers	HSBC PLC 69 Pall Mall St James London SW1Y5E

PAULS MALT LIMITED

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PAULS MALT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Introduction

The principal purpose of Pauls Malt Ltd is the production and supply malt to breweries and distilleries. All our malt is made from UK grown Red Tractor assured barley. Our business is heavily focused on cost and efficiency. As a group, Boortmalt has made long term market leading commitments to sustainability for example by reducing its dependency on fossil fuels and cutting water consumption as well as in insisting on sustainability through the barley supply chain.

Business review

The fiscal year started well and saw continued strong performance in the UK and export markets, but was ultimately overshadowed by the effects of COVID-19 on the world. From late February onwards, we experienced a downturn in demand as the global on-trade and travel retail gradually slowed. From the end of March, there was a shut-down in the UK HORECA sector and whilst many breweries rapidly reorientated their production to the off-trade, malt consumption was reduced in the final quarter of the fiscal year by some 25%. In the whisky distilling customer base, whilst most customers continued to distil in line with budget, there were significant localised reductions where bottling halls and supply chains could not quickly be adapted to the COVID safety measures. From June onwards, demand stabilised and we experienced an encouraging final month of the financial year.

Global beer sales in Africa and South America are experiencing strong growth, with some weakness in Asia. COVID-19 and the consequent shut-downs of many economies over the second quarter of Calendar 20 impacted demand in many countries. Whilst some countries have seen a return to more normal levels of consumption, this stabilisation is patchy and heterogeneous globally.

The highlight of our financial year was the purchase of Cargill malt by Axéreal which closed in November 2019. This has expanded Boortmalt globally to 3 million tonnes, the largest malting capacity in the world. We have increased our geographic reach to the southern hemisphere in Australia and Argentina and to North America with plants in the US and Canada. Our network of barley buying is now truly global and we are able to engage with the increasingly large global brewers with local solutions in many more markets.

Our business remains very committed to maintaining its cost leadership, but is also investing significant sums in Sustainability. This agenda is led globally by new colleagues at board level. We are developing Science based targets which will reduce our Scope 1 Carbon footprint significantly by 2030. Given the complexity of our new global footprint, we anticipate the specific metrics will be announced in early 2021. In addition, we are investing in water saving technology which will benefit malting plants globally, particularly in water-stressed areas.

With these Sustainability initiatives in mind, we are working closely with our customers and to develop rigorous methodologies for measuring the footprint of our maltings and with our suppliers to understand more closely the agricultural practice used in growing our barley supplying us barley. Together, these initiatives will allow our customers and the consumers of the finished product to be more informed about the sustainability of the finished product and the commitment of the entire supply chain to a better planet.

Whilst Brexit presents its challenges the majority of Pauls Malts trading is within the UK, the Directors are therefore confident that Brexit will have little direct impact on its trading. Similarly whilst Covid-19 presents uncertainty, after the initial demand reduction noted above, volumes into the new financial year have returned to near normal levels. The Directors have therefore concluded that the going concern assumption remains appropriate for 12 months from the date of approval of the financial statements.

PAULS MALT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Streamlined Energy Carbon Reporting

In the fiscal year, we entered into a partnership with a third party engineering company to develop significant improvements in the energy efficiency of one of our sites. This has the ambition to save 20% of the site energy use and if successful will be rolled out elsewhere.

Our Bury St Edmunds maltings has seen investment in water saving technology which has reduced consumption by 20% so far. This will be refined further as the technology is refined.

		2020	2019
		KWh	KWh
Gas consumption	MWh	183,913	201,330
Electricity consumption	MWh	40,230	41,897
Intensity Metric	MWh/Employee	1,932	2,010
Co2 Emmisions	K Tonnes	44,014	47,639

Consumption is based on invoiced usage, emissions calculated using government conversion factors.

Section 172(1) Companies Act 2006 Statement

The directors of Pauls Malt Ltd consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members of staff, customers and suppliers, in the decisions taken during the year ended 30th June 2020.

In particular, our business plan for the period was designed to have a long-term beneficial impact on the company and to contribute to its success in delivering a best in class service to customers.

We will continue to operate our business within tight budgetary controls and in line with our targets. The performance against these targets is reviewed with each Maltings Manager every month and more regular reviews are made when deemed necessarily.

We continually assess malt performance with monthly reviews in place with many customers where we are also able to receive rapid feedback on our overall customer satisfaction.

Our employees are key to our business and to the delivery of our business plan. We are heavily committed to a zero harm environment and look to leading and lagging safety indicators to track our performance. We aim to be a responsible employer in our approach to the pay and benefits our employees receive and the environment in which we work.

Our plan was informed by extensive engagement with customers, enabling us to gain an understanding of their views and priorities, purchasing plans and opportunities.

We also aim to act responsibly and fairly in how we engage with our suppliers; our credit providers; and our regulators; all of whom are integral to the successful delivery of our plan.

Our plan took into account the impact of the company's operations on the community and environment and our wider societal responsibilities, and in particular how we impact the regions we serve. As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan.

We will continue to build our reputation, through considering and treating all stakeholders fairly and respectfully, ensuring wherever possible business plans and targets are aligned with stakeholder desires.

As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

PAULS MALT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Other stakeholder engagement

The directors of Pauls Malt Ltd Limited have regard to the need to foster the group's business relationships with suppliers, customers and others and this is further detailed in the S172(1) statement above. We continue to monitor developments regarding UK agriculture through our industry body, the Maltsters Association of Great Britain.

Principal risks and uncertainties

Risks and mitigating controls are managed and reviewed by the senior management team on a regular basis. Also, being part of a larger group (SCA Axereal or "Group"), these are also subject to review by the Group's financial audit programme. Accreditation under various quality, environmental, and health and safety standards ensures these areas are regularly reviewed for compliance to these standards.

The company faces a number of risks and uncertainties that can be summarised into four categories, as follows:

Commercial

The loss of a manufacturing site through fire, natural catastrophe, act of vandalism or critical plant failure could potentially have a material impact.

These risks are mitigated through robust security and comprehensive disaster recovery plans. In addition external insurance and risk management experts review all sites and discuss findings with senior management.

A shortage of raw material supply could result in increased costs and loss of production.

The commercial team monitors exposures weekly and the senior management team reviews exposures on a monthly basis.

Fluctuating energy prices can have a significant impact on profitability.

There is a strong commercial focus on purchasing energy and diversifying risk.

Operational

As part of the food and drink industry the company is subject to market related risks associated with food products.

The company has a strong technical function dealing with product quality and tractability. There are systems in place for hygiene, health and safety and environmental controls. The systems are reviewed regularly by the senior management team who also review customer audits.

PAULS MALT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Financial

Through the group's treasury function, the company uses forward exchange contracts to hedge exchange exposures arising from forecast receipts and purchases in foreign currencies.

The company policy is for all sales and purchase contracts to be hedged at the time the contract is made and therefore avoid the risks of speculation.

The company's defined benefit pension fund is exposed to the risk of changes in interest rates and the market values of investments as well as inflation and the increasing longevity of scheme members.

The risk is mitigated by paying appropriate contributions into the fund and through a balanced investment strategy to avoid a material worsening of the current deficit. The defined benefit scheme is closed to new members.

Further details on financial risk management objectives and policies are given below.

Systems

A significant IT failure could adversely impact on the business.

Robust IT disaster recovery plans and system backup processes are in place.

Financial key performance indicators

The company uses two internal measures as its primary KPI's – Managerial EBITDA and Sales Volume. The directors consider both these measures to be commercially sensitive and cannot therefore publish absolute numbers but can confirm that the year on year performance of both was satisfactory.

Financial management objectives and policies

The company is exposed to a variety of financial risks including interest rate, foreign currency, liquidity and credit risk. These financial risks are managed under policies approved by the ultimate holding company. The company uses forward currency contracts to manage the financial risk associated with selling and buying in currencies other than sterling. The company does not use derivative financial instruments for trading and speculative purposes.

Interest rate risk

Funding is provided by the ultimate holding company, which has policies in place to optimise the interest cost and reduce volatility in reporting earnings. This is managed by reviewing the debt profile regularly and by selectively using interest rate swaps to limit the level of floating interest rate exposure.

Foreign currency risk

The company trades internationally and uses forward exchange contracts to hedge exchange exposures arising from forecast receipts and payments in foreign currencies.

Liquidity risk

Funding is provided by the ultimate holding company, which has a policy to ensure that there is always sufficient long term and committed bank facilities in place to meet foreseeable peak borrowing requirements. There is also a prudent approach to liquidity risk management by spreading the maturities of debt from short-term to long-term.

PAULS MALT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Credit risk

The company derives a significant proportion of its revenue from sales to a limited number of major customers. Sales to individual customers can be of significant value and the failure of any such customer to honour its debts could materially impact on the company's results. The company manages the risk by regularly reviewing the credit history and rating of all significant customers.

This report was approved by the board on 27 November 2020 and signed on its behalf.



C N G Tozer
Director

PAULS MALT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The Directors present their report and the financial statements for the year ended 30 June 2020.

Results and dividends

The profit for the year, after taxation, amounted to £7,522,000 (2019: £7,717,000).

The directors have paid dividends in the year of £Nil (2019: £Nil).

Directors

The Directors who served during the year were:

J-F Loiseau
Y Shaepman
C N G Tozer
D R Wilkes

The directors and their spouses and minor children have no interest in the shares of the company. J-F Loiseau and Y. Shaepman were also directors of the company's ultimate parent undertaking, Société Coopérative Agricole Axéreal, at 30 June 2020, and their interests are disclosed in that company's financial statements for the period ended 30 June 2020. There are no other interests requiring disclosure under the Companies Act 2006.

Directors' responsibilities statement

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 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, 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 and profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PAULS MALT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Charitable contributions and political donations

The company made charitable donations in the financial period of £Nil (2019: £Nil). The company made no political donations in the financial period (2019: £Nil).

Employees

During the financial period, the company gave full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes when related to any suitable opportunities available.

Company policy provides that existing employees who become disabled shall continue employment with the company if at all possible, subject to any appropriate retraining.

Training, career development and promotion apply equally to all employees, taking into consideration their aptitudes and abilities.

Matters of interest and concern are regularly circulated to employees. Meetings are held at various staff levels on a regular basis to discuss matters of mutual interest and the views of employees are taken into account when making decisions that are likely to affect their interests.

Future developments

The directors do not foresee any significant developments in the business over the coming year.

Qualifying third party indemnity provisions

During the period and up to the date of this report, the company maintained liability insurance and third-party indemnification provisions for its directors, under which the company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the company.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

PAULS MALT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 November 2020 and signed on its behalf.



C N G Tozer
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAULS MALT LIMITED

Opinion

We have audited the financial statements of Pauls Malt Limited (the 'company') for the year ended 30 June 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 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. 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAULS MALT LIMITED (CONTINUED)

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, 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.

Other information

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

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

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAULS MALT LIMITED (CONTINUED)

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 the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAULS MALT LIMITED (CONTINUED)

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: 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.

Grant Thornton UK LLP

Gareth Norris FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

27 November 2020

PAULS MALT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £000	As restated 2019 £000
Turnover	4	120,951	130,729
Cost of sales		(98,814)	(108,423)
Gross profit		22,137	22,306
Distribution costs		(6,882)	(7,673)
Administrative expenses		(5,019)	(4,333)
Other operating income	5	119	25
Operating profit	6	10,355	10,325
Interest receivable and similar income	10	38	39
Interest payable and expenses	11	(453)	(556)
Other finance costs		(65)	(83)
Profit before tax		9,875	9,725
Tax on profit	13	(2,353)	(2,008)
Profit for the financial year		7,522	7,717
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme		(713)	(338)
Movement of deferred tax relating to pension surplus		233	64
Other comprehensive income for the year		(480)	(274)
Total comprehensive income for the year		7,042	7,443

All amounts relate to continuing activities.

All profits are attributable to the owners of the parent undertaking.

The notes on pages 16 to 35 form part of these financial statements.

PAULS MALT LIMITED
REGISTERED NUMBER: 00088929

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	14	31,534	33,769
		<u>31,534</u>	<u>33,769</u>
Current assets			
Stocks	16	16,006	10,115
Debtors: amounts falling due within one year	17	24,012	38,226
Cash at bank and in hand	18	11,182	6,056
		<u>51,200</u>	<u>54,397</u>
Creditors: amounts falling due within one year	19	(24,815)	(37,551)
Net current assets		<u>26,385</u>	<u>16,846</u>
Total assets less current liabilities		<u>57,919</u>	<u>50,615</u>
Provisions for liabilities			
Deferred tax	20	(2,901)	(2,632)
		<u>(2,901)</u>	<u>(2,632)</u>
Pension liability		(2,694)	(2,701)
Net assets		<u>52,324</u>	<u>45,282</u>
Capital and reserves			
Called up share capital	21	1,081	1,081
Share premium account	22	988	988
Profit and loss account	22	50,255	43,213
		<u>52,324</u>	<u>45,282</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 November 2020.


C N G Tozer
 Director

The notes on pages 16 to 35 form part of these financial statements.

PAULS MALT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2019	1,081	988	43,213	45,282
Comprehensive income for the year				
Profit for the year	-	-	7,522	7,522
Other comprehensive income for the year	-	-	(480)	(480)
Total comprehensive income for the year	-	-	7,042	7,042
At 30 June 2020	1,081	988	50,255	52,324

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2018	1,081	988	35,770	37,839
Comprehensive income for the year				
Profit for the year	-	-	7,717	7,717
Other comprehensive income for the year	-	-	(274)	(274)
Total comprehensive income for the year	-	-	7,443	7,443
At 30 June 2019	1,081	988	43,213	45,282

The notes on pages 16 to 35 form part of these financial statements.

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. General information

Pauls Malt Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office and principal place of business is located at 24/25 Eastern Way, Bury St Edmunds, Suffolk, IP32 7AD.

The principal activity of the company is that of supplying malt to the brewing and distilling industries, and the provision of barley and storage services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company is part of the financial arrangements of the Société Coopérative Agricole Axéreal. The group manages its finance centrally and provides its trading subsidiaries with the necessary funds to meet its operational/business needs. The directors of the company have received confirmation from the group that it will provide them with the necessary funds to meet its operational/business needs after having considered the impact of Covid-19 and different scenarios which might arise as a result. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Axéreal Group as at 30 June 2020 and these financial statements may be obtained from SCA Axéreal, 36 Rue de la Manufacture - CS 40639, 45166 Olivet Cedex, France.

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.4 Revenue

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

2.5 Tangible fixed assets

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

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% per annum on cost
Plant & machinery	- 3.33%-25% per annum on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Freehold land and assets under construction are not depreciated. The company does not capitalise finance costs.

2.6 Valuation of investments

Investments in associate undertakings held as fixed assets are shown at cost less provision for impairment.

2.7 Stocks

Stocks are valued at the lower of cost and net realisable value. Where appropriate, costs include raw materials, freight and direct labour expenses, along with related production and other overheads. Net realisable value is the actual or estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)**2.8 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The company predominantly enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

The only non-basic financial instruments transactions entered into by the company are forward foreign exchange contracts.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.10 Financial instruments (continued)

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

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currencies

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction, or where appropriate, the forward contract rate (the company uses forward contracts to hedge its foreign exchange exposure in respect of foreign customers).

Exchange gains and losses are recognised in the Statement of comprehensive income.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension scheme

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 30 June 2020.

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'other finance cost'.

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.16 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Certain amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies

The directors must judge whether all of the conditions required for revenues to be recognised in the Statement of Comprehensive income of the financial year have been met.

Sources of estimation uncertainty

Depreciation rates are based on estimates of the useful lives and residual values of the assets involved. Pension valuation is based on the value of assets and liabilities based on the estimated discount rate provided by the actuary and the projected salary increase rate.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£000	£000
Malt - manufacture and sale	117,857	126,882
Barley drying and storage services	3,094	3,847
	<u>120,951</u>	<u>130,729</u>

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
United Kingdom	82,157	102,996
Rest of Europe	24,942	8,046
Rest of the world	407	813
Africa	552	2,192
Asia	12,893	16,682
	<u>120,951</u>	<u>130,729</u>

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

5. Other operating income

	2020	<i>As restated</i>
	£000	2019
		£000
Other operating income	90	-
Net rents receivable	29	25
	<u> </u>	<u> </u>

Rental income has been reclassified in the prior year from administrative expenses to other operating income.

6. Operating profit

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

	2020	2019
	£000	£000
Depreciation of tangible fixed assets - owned by the company	3,716	3,610
Exchange differences	199	(69)
	<u> </u>	<u> </u>

7. Auditor's remuneration

	2020	2019
	£000	£000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	51	48
All other services	1	1
	<u> </u>	<u> </u>

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2020	2019
	£000	£000
Wages and salaries	4,521	4,474
Social security costs	507	483
Cost of defined benefit scheme	165	120
Cost of defined contribution scheme	424	388
	<u>5,617</u>	<u>5,465</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2020	2019
	No.	No.
Production staff	76	74
Sales and administrative staff	40	47
	<u>116</u>	<u>121</u>

9. Directors' remuneration

	2020	2019
	£000	£000
Directors' emoluments	<u>215</u>	<u>207</u>

The highest paid Director received remuneration of £146,000 (2019: £137,000).

During the year 1 director (2019: 1) participated in money purchase pension schemes.

10. Interest receivable

	2020	2019
	£000	£000
Interest receivable from group companies	<u>38</u>	<u>39</u>

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

11. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	453	556
	<u>453</u>	<u>556</u>

12. Other finance costs

	2020 £000	2019 £000
Net interest on net defined benefit liability	(65)	(83)
	<u>(65)</u>	<u>(83)</u>

13. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	1,990	1,949
Adjustments in respect of previous periods	(5)	19
Total current tax	<u>1,985</u>	<u>1,968</u>
Deferred tax		
Origination and reversal of timing differences	336	69
Adjustment in respect of previous periods	40	(22)
Effect of changes in tax rates	(8)	(7)
Total deferred tax	<u>368</u>	<u>40</u>
Taxation on profit on ordinary activities	<u>2,353</u>	<u>2,008</u>

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: *higher than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	9,875	9,725
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	1,876	1,848
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	84	171
Adjustments to tax charge in respect of prior periods	(12)	(4)
Tax rate changes	405	(7)
Total tax charge for the year	2,353	2,008

Factors that may affect future tax charges

In addition to the above current tax charge for the year recorded within the profit and loss account, a credit of £233K (2019: *credit of £64K*) has been recorded in the profit and loss reserve in respect of tax relief on pension scheme deficit repayment contributions.

On 19 March 2020, the Finance Act 2020 received Royal Assent enacting the reversal of the expected reduction in the statutory rate of UK corporation tax to 17% from 1 April 2020. This resulted in the corporation tax rate remaining at 19%. The rate of 19% has therefore been used to calculate the deferred tax arising from temporary differences.

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

14. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Construction in progress £000	Total £000
Cost				
At 1 July 2019	6,733	92,047	65	98,845
Additions	-	-	1,481	1,481
At 30 June 2020	6,733	92,047	1,546	100,326
Depreciation				
At 1 July 2019	2,737	62,339	-	65,076
Charge for the year on owned assets	108	3,608	-	3,716
At 30 June 2020	2,845	65,947	-	68,792
Net book value				
At 30 June 2020	3,888	26,100	1,546	31,534
At 30 June 2019	3,996	29,708	65	33,769

Included in freehold property is land of £1,296,351 (2019: £1,296,351) which is not depreciated.

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

15. Fixed asset investments

	Investments in associates £000
Cost or valuation	
At 1 July 2019	187
At 30 June 2020	<u>187</u>
Impairment	
At 1 July 2019	187
At 30 June 2020	<u>187</u>
Net book value	
At 30 June 2020	<u><u>-</u></u>
At 30 June 2019	<u><u>-</u></u>

Associate undertakings

The following were associate undertakings of the company:

Name	Class of shares	Holding	Principal activity
Multimalt Limited	1 Ordinary share	20%	Handling of cereals and other agricultural products for export and import.

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020.**

16. Stocks

	2020	2019
	£000	£000
Raw materials and consumables	8,368	691
Work in progress	1,077	1,635
Finished goods and goods for resale	6,561	7,789
	<u>16,006</u>	<u>10,115</u>

Stock recognised in cost of sales during the year as an expense was £70,907,961 (2019: £78,338,934).

There was no stock provision in either 2020 or 2019.

17. Debtors

	2020	2019
	£000	£000
Trade debtors	4,305	9,469
Amounts owed by group undertakings	19,019	27,740
Other debtors	680	922
Prepayments and accrued income	8	95
	<u>24,012</u>	<u>38,226</u>

An impairment loss of £Nil (2019: £Nil) was recognised against trade debtors.

18. Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	<u>11,182</u>	<u>6,056</u>

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

19. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	22,940	33,211
Amounts owed to group undertakings	761	3,408
Corporation tax	992	641
Other taxation and social security	122	113
Accruals and deferred income	-	178
	<u>24,815</u>	<u>37,551</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

20. Deferred taxation

	2020	2019
	£000	£000
At beginning of year	(2,632)	(2,593)
Charged to profit or loss	(375)	(62)
Charged to other comprehensive income	98	-
Adjustment in respect of prior years	8	23
At end of year	<u>(2,901)</u>	<u>(2,632)</u>

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2020	2019
	£000	£000
Liability	(2,901)	(2,632)

The balance of the deferred taxation account consists of the tax effect of timing difference in respect of:

	2020	2019
	£000	£000
Capital allowances in excess of depreciation	(3,344)	(3,017)
Short term timing differences	443	385
Total	(2,901)	(2,632)

21. Share capital

	2020	2019
	£000	£000
Authorised, allotted, called up and fully paid		
1,081,000 (2019: 1,081,000) Ordinary shares of £1 each	1,081	1,081

Ordinary shares rank pari passu in terms of dividend income and voting rights.

22. Reserves**Share premium**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account

The profit and loss account comprises all current and prior period retained profits and losses, less dividends declared and paid.

23. Capital commitments

At 30 June 2020 the company had capital commitments as follows:

	2020	2019
	£000	£000
Payments due for fixed asset under construction	578	-

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

24. Pension commitments

The company operates a funded, defined benefit scheme in the UK which is closed for future accrual of benefits. The scheme is comprised of approximately half office based and half manufacturing based employees, situated at various locations within the UK.

The most recent full valuation by a qualified independent actuary was at 31 March 2019.

The valuation has been updated to 30 June 2020 by the actuary.

The company operates a Defined Benefit Pension Scheme.

The assets of the schemes are held separately from those of the company.

Reconciliation of present value of plan liabilities:

	2020	2019
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	20,024	19,043
Actuarial losses	2,161	1,045
Interest cost	491	506
Benefits paid	(763)	(570)
At the end of the year	21,913	20,024

Reconciliation of present value of plan assets:

	2020	2019
	£000	£000
At the beginning of the year	17,323	15,933
Contributions	950	950
Actuarial gains	1,448	707
Expected return on assets	426	423
Administrative expenses	(165)	(120)
Benefits paid	(763)	(570)
At the end of the year	19,219	17,323

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

24. Pension commitments (continued)

	2020 £000	2019 £000
Fair value of plan assets	19,219	17,323
Present value of plan liabilities	(21,913)	(20,024)
Net pension scheme liability	(2,694)	(2,701)
	2020 £000	2019 £000
Interest on obligation	(65)	(83)
Total	(65)	(83)

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £21,224,000 (2019: £20,511,000).

The company expects to contribute £950,000 (2019: £950,000) to its Defined Benefit Pension Scheme in 2021.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2020 £000	2019 £000
Equities	4,635	3,757
Diversified	4,956	6,929
Cash	1,723	1,913
Liability driven investments	7,905	4,724
	19,219	17,323

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

24. Pension commitments (continued)

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2020	2019
	%	%
Discount rate	1.5	2.50
Future salary increases	3.0	3.40
Future pension increases - pre October 2005	2.2	3.40
Future pension increases - post October 2005	3.0	2.5
Inflation assumption (CPI)	2.2	2.60
Mortality rates		
- for a male aged 65 now	21.7	21.3
- at 65 for a male aged 45 now	22.8	22.3
- for a female aged 65 now	24	23.2
- at 65 for a female member aged 45 now	25.2	24.4

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the asset distribution at the start of the period to develop the expected long-term rate of return on assets assumption for the portfolio.

Scheme assets are measured at market value. Pension liabilities are measured using the projected unit method discounted to present value.

Defined benefit pension schemes

	2020	2019
	£000	£000
Defined benefit obligation	(21,913)	(20,024)
Scheme assets	19,219	17,323
Deficit	(2,694)	(2,701)
Experience adjustments on scheme liabilities	849	(16)
Experience adjustments on scheme assets	1,448	707
	2,297	691

PAULS MALT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

24. Pension commitments (continued)

The before tax gross deficit is shown above, however, a deferred tax asset has been recognised in note 20. This is a long-term balance and there is not expected to be any material reversal in the next 12 months.

25. Commitments under operating leases

At 30 June 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £000	2019 £000
Not later than 1 year	117	121
Later than 1 year and not later than 5 years	88	129
	<u>205</u>	<u>250</u>

26. Other financial commitments

The company has no financial commitments apart from the foreign exchange contracts disclosed within financial instruments.

27. Related party transactions

As a wholly owned subsidiary, the company has taken advantage of the exemption provisions under FRS 102 section 33 from disclosing transactions with other members of the group.

28. Controlling party

The immediate parent undertaking of this company is Boortmalt UK Limited, a company incorporated in the United Kingdom. This company does not prepare consolidated financial statements.

The ultimate parent undertaking is Société Coopérative Agricole Axéreal, a cooperative company incorporated in France. Société Coopérative Agricole Axéreal is the largest group of undertakings for which group accounts have been drawn up. Copies of the consolidated financial statements of Société Coopérative Agricole Axéreal may be obtained from SCA Axéreal, 36 rue de la Manufacture – CS 40639, 45166 Olivet Cedex, France.

There is no overall controlling party.