

**ELSOMS SEEDS LIMITED**  
**STRATEGIC REPORT,**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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FOR THE YEAR ENDED 30 JUNE 2020**

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**ELSOMS SEEDS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2020**

**DIRECTORS:**

A G Keeling  
R A L Keeling  
R L Wood  
A P Davis  
D J S Coop

**SECRETARY:**

A P Davis

**REGISTERED OFFICE:**

Albert Warehouse  
Pinchbeck Road  
Spalding  
Lincolnshire  
PE11 1QG

**REGISTERED NUMBER:**

00656393 (England and Wales)

**AUDITORS:**

Duncan & Toplis Limited, Statutory Auditor  
Enterprise Way  
Pinchbeck  
Spalding  
Lincolnshire  
PE11 3YR

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

The directors present their strategic report for the year ended 30 June 2020.

**REVIEW OF BUSINESS**

The company's turnover for the year to June 2020 rose from £25.8m to £26.1m, whilst profit before tax reduced from £1.6m to £1.1m.

Our core activities are the trialling, marketing and distribution of our long-term partners' plant varieties in the UK, whilst investing in research into a range of our own and collaboratively bred crops aimed primarily at the UK market.

Our company strategy is based upon building long-term relationships with suppliers, customers and employees. By cultivating these relationships and bringing market leading varieties and seed treatments to the UK we see considerable opportunities for further growth in market share.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Business risk:** The main business risks identified are agricultural and horticultural related and are dependent upon the performance of those markets and the competitiveness of the company's products. Some of those risks are outside of the company's control but the directors continually review business procedures and operations to ensure that the company is running as efficiently as possible. The company has also during the year maintained UK ESTA quality assurance scheme accreditation for seed treatment and treated seed.

There is a risk of reduction of income if market share declines. The company is however well placed with its good vegetable and agricultural seed portfolio together with its seed treatment and pelleting capabilities to increase sales.

As with many smaller companies there is a risk if there were to be substantial change in the company's relationship with major suppliers and customers.

**Liquidity risk:** The company has sufficient cash balances and short term investments to minimise liquidity problems. Cash balances are monitored on a regular basis.

**Currency risk:** The company's principal currency risk is in respect of Euro/Sterling exchange rate. Procedures are in place to manage risk exposure with currency hedging arrangements.

**Credit Risk:** The credit risk arises from the collection of trade debtors. Procedures have been implemented for the checking of debtors' credit risk and collection of debts in order to manage those risks. Trade debtors are regularly reviewed.

**Insurance:** The company has insurance contracts in place for identified risks where possible which are regularly reviewed.

**ON BEHALF OF THE BOARD:**

R A L Keeling - Director

30 October 2020

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

The directors present their report with the financial statements of the company for the year ended 30 June 2020.

**PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review were those of plant breeding, testing , processing and distributing vegetable and combinable crop seeds.

**DIVIDENDS**

The company paid a final dividend of £460,000 (2019 £460,000) to the parent company, Elsoms (Spalding) Ltd, during the year.

**RESEARCH AND DEVELOPMENT**

New varieties and improved seed processes and treatments are vital for the company. The company therefore undertakes a continuous programme of research and development for new and improved varieties of vegetables and arable crops as well as into improved seed processes and treatments. It plans to continue these activities.

**DIRECTORS**

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

A G Keeling  
R A L Keeling  
R L Wood  
A P Davis  
D J S Coop

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

**ON BEHALF OF THE BOARD:**

R A L Keeling - Director

30 October 2020

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ELSOMS SEEDS LIMITED**

### **Opinion**

We have audited the financial statements of Elsoms Seeds Limited (the 'company') for the year ended 30 June 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ELSOMS SEEDS LIMITED**

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

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

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

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

### **Responsibilities of directors**

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

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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

David Gratton BSc FCA (Senior Statutory Auditor)  
for and on behalf of Duncan & Topliss Limited, Statutory Auditor  
Enterprise Way  
Pinchbeck  
Spalding  
Lincolnshire  
PE11 3YR

2 November 2020

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 £	£	2019 £	£
<b>TURNOVER</b>	4		26,056,972		25,784,626
Cost of sales			17,256,369		16,926,842
<b>GROSS PROFIT</b>			8,800,603		8,857,784
Distribution costs		216,309		199,445	
Administrative expenses		7,611,585		7,210,961	
			7,827,894		7,410,406
<b>OPERATING PROFIT</b>	6		972,709		1,447,378
Income from participating interests		50,000		100,000	
Interest receivable and similar income		36,364		29,168	
			86,364		129,168
			1,059,073		1,576,546
Other finance costs	21		27,000		8,000
<b>PROFIT BEFORE TAXATION</b>			1,032,073		1,568,546
Tax on profit	7		(92,328)		5,571
<b>PROFIT FOR THE FINANCIAL YEAR</b>			1,124,401		1,562,975

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 £	2019 £
<b>PROFIT FOR THE YEAR</b>		1,124,401	1,562,975
<b>OTHER COMPREHENSIVE INCOME</b>			
Remeasurement gain/(loss) on defined benefit pension plan		(1,462,000)	(1,264,000)
Actual return on defined benefit plan assets less interest		(319,000)	528,000
Movement on deferred tax relating to defined benefit pension asset		376,010	170,620
Income tax relating to components of other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>(1,404,990)</u>	<u>(565,380)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(280,589)</u>	<u>997,595</u>

**BALANCE SHEET**  
**30 JUNE 2020**

	Notes	2020 £	£	2019 £	£
<b>FIXED ASSETS</b>					
Intangible assets	9		402,716		424,583
Tangible assets	10		2,117,780		2,589,702
Investments	11		575,859		575,859
			<u>3,096,355</u>		<u>3,590,144</u>
<b>CURRENT ASSETS</b>					
Stocks	12	4,367,749		2,865,620	
Debtors	13	6,010,009		6,359,655	
Cash at bank and in hand		<u>4,732,112</u>		<u>4,196,911</u>	
		15,109,870		13,422,186	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>4,241,770</u>		<u>3,924,404</u>	
<b>NET CURRENT ASSETS</b>			<u>10,868,100</u>		<u>9,497,782</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>13,964,455</u>		<u>13,087,926</u>
<b>PROVISIONS FOR LIABILITIES</b>					
	18		(88,488)		(74,360)
<b>PENSION LIABILITY</b>					
	21		<u>(2,508,570)</u>		<u>(905,580)</u>
<b>NET ASSETS</b>			<u>11,367,397</u>		<u>12,107,986</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		326,228		326,228
Retained earnings	20		<u>11,041,169</u>		<u>11,781,758</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>11,367,397</u>		<u>12,107,986</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 30 October 2020 and were signed on its behalf by:

R A L Keeling - Director

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

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 July 2018</b>	326,228	11,244,163	11,570,391
<b>Changes in equity</b>			
Dividends	-	(460,000)	(460,000)
Total comprehensive income	-	997,595	997,595
<b>Balance at 30 June 2019</b>	<u>326,228</u>	<u>11,781,758</u>	<u>12,107,986</u>
<b>Changes in equity</b>			
Dividends	-	(460,000)	(460,000)
Total comprehensive income	-	(280,589)	(280,589)
<b>Balance at 30 June 2020</b>	<u>326,228</u>	<u>11,041,169</u>	<u>11,367,397</u>

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

**1. GENERAL INFORMATION**

Elsoms Seeds Limited is a limited company incorporated in England and Wales. The address of the registered office is given in the company information on page one of these financial statements. The nature of the company's operations and principal activities are detailed in the report of the directors on page 3.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**2. STATUTORY INFORMATION**

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

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 7 Statement of Cash Flows.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

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

**3. ACCOUNTING POLICIES - continued**

**Critical accounting judgements and estimation uncertainty**

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

**Defined benefit scheme**

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 21 for the disclosures relating to the defined benefit pension scheme.

**Turnover**

Turnover represents the invoiced value of goods sold and services provided to customers during the year, excluding value added tax and trade discounts. Sales of goods are recognised upon delivery of product to the customer. Royalties are recognised for the period in which they are due. Turnover is wholly attributable to the principal activities of the company.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life.

**Tangible fixed assets**

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows:

Plant and machinery	over 3, 5 or 10 years
Motor vehicles	over 4 or 5 years
Computer software	over 3, 4 or 5 years
Other equipment	over 4, 5 or 10 years

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Stocks are valued using the FIFO valuation method.

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

**3. ACCOUNTING POLICIES - continued**

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

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

**Deferred tax**

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

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

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

**Research and development**

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

**Foreign currencies**

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

**Pension costs and other post-retirement benefits**

Defined Benefit Scheme

The company operates a defined benefit scheme providing benefits paid based on final pensionable pay. The assets of the scheme are held separately from the company in independently administered funds. Contributions to the defined benefit scheme are charged in accordance with Section 28 of Financial Reporting Standard 102 "Employee Benefits".

The defined benefit scheme was closed to new members from 22 May 2003

Defined Contribution Scheme

The company also operates a defined contribution scheme.

The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

**3. ACCOUNTING POLICIES - continued**

**Financial instruments**

The company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cashflows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are measured at amortised cost using the effective interest method.

**Joint ventures**

Joint Ventures are stated at the balance sheet date being the group share of the Joint Venturers net assets. From the date of acquisition an appropriate share of the Joint Venturers profit or loss for the year has been accounted for in the group's consolidated profit and loss account.

Profits from the sale of assets to joint ventures are only recognised in proportion to third parties' interests in these entities. The remaining profits would be recognised when the asset is sold by joint venture to unrelated parties.

**4. TURNOVER**

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

An analysis of turnover by class of business is given below:

	2020	2019
	£	£
Sales	24,493,942	24,081,497
Royalties	1,563,030	1,703,129
	<u>26,056,972</u>	<u>25,784,626</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2020

5. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	3,591,200	3,510,167
Social security costs	276,066	312,289
Other pension costs	355,915	342,733
	<u>4,223,181</u>	<u>4,165,189</u>

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

	2020	2019
Management, administration and sales	77	70
Research, development and trials	40	30
	<u>117</u>	<u>100</u>

	2020	2019
	£	£
Directors' remuneration	457,256	473,308
Directors' pension contributions to money purchase schemes	<u>44,662</u>	<u>31,764</u>

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

	2020	2019
Money purchase schemes	<u>4</u>	<u>4</u>

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	131,398	141,230
Pension contributions to money purchase schemes	<u>14,686</u>	<u>11,981</u>

6. OPERATING PROFIT

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

	2020	2019
	£	£
Depreciation - owned assets	771,982	775,516
Profit on disposal of fixed assets	(21,226)	(31,926)
Development costs amortisation	21,867	12,756
Auditors' remuneration	13,713	13,013
Auditors' remuneration for non audit work	800	1,400
Research & development costs	<u>1,875,053</u>	<u>1,883,377</u>

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

**7. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	(106,352)	-
Adjustment in respect of previous periods	(104)	5,571
Total current tax	(106,456)	5,571
Deferred tax	14,128	-
Tax on profit	(92,328)	5,571

**Reconciliation of total tax (credit)/charge included in profit and loss**

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

	2020 £	2019 £
Profit before tax	1,032,073	1,568,546
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	196,094	298,024
Effects of:		
Expenses not deductible for tax purposes	59,127	58,087
Income not taxable for tax purposes	(25,909)	(24,542)
Capital allowances in excess of depreciation	-	(16,157)
Depreciation in excess of capital allowances	31,066	-
Adjustments to tax charge in respect of previous periods	(104)	5,571
Additional tax relief on research and development expenditure	(562,582)	(459,555)
Losses carried forward	195,852	144,143
Deferred tax	14,128	-
Total tax (credit)/charge	(92,328)	5,571

**Tax effects relating to effects of other comprehensive income**

	Gross £	2020 Tax £	Net £
Remeasurement gain/(loss) on defined benefit pension plan	(1,462,000)	-	(1,462,000)
Actual return on defined benefit plan assets less interest	(319,000)	-	(319,000)
Movement on deferred tax relating to defined benefit pension asset	376,010	-	376,010
	(1,404,990)	-	(1,404,990)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2020

7. TAXATION - continued

	Gross £	2019 Tax £	Net £
Remeasurement gain/(loss) on defined benefit pension plan	(1,264,000)	-	(1,264,000)
Actual return on defined benefit plan assets less interest	528,000	-	528,000
Movement on deferred tax relating to defined benefit pension asset	170,620	-	170,620
	<u>(565,380)</u>	<u>-</u>	<u>(565,380)</u>

8. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each		
Final	<u>460,000</u>	<u>460,000</u>

9. INTANGIBLE FIXED ASSETS

	Patents and licences £	Development costs £	Totals £
<b>COST</b>			
At 1 July 2019			
and 30 June 2020	<u>14,000</u>	<u>437,339</u>	<u>451,339</u>
<b>AMORTISATION</b>			
At 1 July 2019	14,000	12,756	26,756
Amortisation for year	-	21,867	21,867
At 30 June 2020	<u>14,000</u>	<u>34,623</u>	<u>48,623</u>
<b>NET BOOK VALUE</b>			
At 30 June 2020	-	402,716	402,716
At 30 June 2019	-	424,583	424,583

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2020

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Other equipment £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 July 2019	4,188,119	4,880,909	689,315	9,758,343
Additions	47,265	279,060	-	326,325
Disposals	(4,270)	(46,744)	(164,986)	(216,000)
Reclassification/transfer	2,713	(3,474)	761	-
At 30 June 2020	<u>4,233,827</u>	<u>5,109,751</u>	<u>525,090</u>	<u>9,868,668</u>
<b>DEPRECIATION</b>				
At 1 July 2019	3,412,797	3,291,064	464,778	7,168,639
Charge for year	210,292	455,605	106,085	771,982
Eliminated on disposal	(3,843)	(42,348)	(143,542)	(189,733)
Reclassification/transfer	(5,175)	4,414	761	-
At 30 June 2020	<u>3,614,071</u>	<u>3,708,735</u>	<u>428,082</u>	<u>7,750,888</u>
<b>NET BOOK VALUE</b>				
At 30 June 2020	<u>619,756</u>	<u>1,401,016</u>	<u>97,008</u>	<u>2,117,780</u>
At 30 June 2019	<u>775,322</u>	<u>1,589,845</u>	<u>224,537</u>	<u>2,589,704</u>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Interest in joint venture £	Unlisted investments £	Totals £
<b>COST</b>				
At 1 July 2019 and 30 June 2020	<u>34,067</u>	<u>541,767</u>	<u>25</u>	<u>575,859</u>
<b>NET BOOK VALUE</b>				
At 30 June 2020	<u>34,067</u>	<u>541,767</u>	<u>25</u>	<u>575,859</u>
At 30 June 2019	<u>34,067</u>	<u>541,767</u>	<u>25</u>	<u>575,859</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Joint ventures**

**Elsoms Wheat Limited**

Registered office: United Kingdom  
Nature of business: Wheat breeding

	% holding	2020 £	2019 £
Class of shares:			
Ordinary shares	33.33		
Aggregate capital and reserves		1,259,654	1,349,288
Profit for the year		<u>60,365</u>	<u>28,286</u>

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

**11. FIXED ASSET INVESTMENTS - continued**

**Elsoms Ackermann Barley Limited**  
 Registered office: United Kingdom  
 Nature of business: Barley breeding

	% holding	2020	2019
Class of shares:		£	£
Ordinary shares	50.00		
Aggregate capital and reserves		20,311	(51,819)
Profit/(loss) for the year		<u>72,130</u>	<u>(62,677)</u>

The shares in the holding company are an investment of £33,964 (2019 £33,964) in an Employee Benefit Trust. The shares may be issued to employees as part of any entitlement to shares under the rules of the profit sharing scheme, which has ceased accepting further contributions. Under the rules of the employee benefit trust the shares may be held until 2078.

**12. STOCKS**

	2020	2019
	£	£
Seeds	3,945,924	2,456,363
Consumables and sundries	<u>421,825</u>	<u>409,257</u>
	<u>4,367,749</u>	<u>2,865,620</u>

There is no material difference between the carrying cost of stocks and its replacement value.

Stocks recognised as an expense in the period were £15,139,887 (2019 £13,199,783).

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors	4,724,026	5,168,657
Other debtors	372,409	262,417
VAT	11,302	-
Prepayments and accrued income	<u>902,272</u>	<u>928,581</u>
	<u>6,010,009</u>	<u>6,359,655</u>

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

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Hire purchase contracts (see note 15)	16,667	33,333
Trade creditors	3,176,762	2,541,869
Amounts owed to group undertakings	284,300	227,301
Taxation	45,577	-
Other taxes and social security	116,936	108,486
VAT	-	20,705
Other creditors	247,164	499,988
Accruals and deferred income	354,364	492,722
	<u>4,241,770</u>	<u>3,924,404</u>

**15. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	<u>16,667</u>	<u>33,333</u>
	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	91,641	30,760
Between one and five years	<u>196,875</u>	<u>39,496</u>
	<u>288,516</u>	<u>70,256</u>

Operating lease payments recognised as an expense in the year amounted to £43,480 (2019 £14,741).

**16. SECURED DEBTS**

The bank facilities are secured by an unlimited guarantee from the Elsoms (Spalding) Limited, Elsoms Seeds Limited and Elsoms Developments Limited.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2020

17. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2020 £	2019 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors	4,724,026	5,168,657
Other debtors	<u>151,438</u>	<u>517,578</u>
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	3,176,762	2,541,871
Amounts owed to group undertakings	63,329	227,301
Other creditors	<u>247,164</u>	<u>499,988</u>

There is no interest income or expense for financial assets and liabilities that are not measured at fair value through profit and loss.

18. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Deferred tax		
Accelerated capital allowances	<u>88,488</u>	<u>74,360</u>
		Deferred tax
		£
Balance at 1 July 2019		74,360
Provided during year		14,128
Accelerated capital allowances		
Balance at 30 June 2020		<u>88,488</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2020 £	2019 £
326,228	Ordinary	£1	<u>326,228</u>	<u>326,228</u>

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

**20. RESERVES**

	Retained earnings £
At 1 July 2019	11,781,758
Profit for the year	1,124,401
Dividends	(460,000)
Adjustment to statement of total recognised gains and losses	(1,404,990)
At 30 June 2020	<u>11,041,169</u>

**21. EMPLOYEE BENEFIT OBLIGATIONS**

**DEFINED CONTRIBUTION SCHEME**

The company operates a defined contribution scheme whose assets are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the group and amounted to £262,509 (2019 £216,096). Contributions totalling £Nil (2019 £Nil) were payable to the schemes at the year end.

**DEFINED BENEFIT SCHEME**

The company operates a defined benefit pension scheme in the UK. The disclosures set out below are based on calculations carried out as at 30 June 2020 by a qualified independent actuary.

The Scheme's assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the Scheme are required to act in the best interests of the Scheme's beneficiaries. The appointment of members of the trustee board is determined by the trust documentation.

The liabilities of the defined benefit scheme are measured by discounting the best estimate of future cash flows to be paid out of the Scheme using the projected unit method. This amount is reflected in the deficit in the balance sheet. The projected unit method is an accrued benefits valuation method in which the Scheme's liabilities make allowance for projected earnings.

The liabilities set out in this note have been calculated based on the actuarial valuation as at 31 December 2017, updated to 30 June 2020. The results of the calculations and the assumptions adopted are shown below.

As at 30 June 2020, contributions are payable to the Scheme by the company at the rates set out in the schedule of contributions dated 18 December 2015. The company contributions expected to be made in the year commencing 1 July 2020 are approximately £NIL.

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

**21. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Current service cost	171,000	163,000
Net interest from net defined benefit asset/liability	27,000	8,000
Past service cost	-	-
	<u>198,000</u>	<u>171,000</u>
Actual return on plan assets	<u>38,000</u>	<u>948,000</u>

Of the total amounts recognised in the profit and loss account £27,000 (2019 £8,000) has been debited to other finance costs and £171,000 (2019 £163,000) has been debited to operating profit.

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening defined benefit obligation	17,597,000	16,387,000
Current service cost	171,000	163,000
Contributions by scheme participants	22,000	22,000
Interest cost	384,000	428,000
Actuarial losses/(gains)	1,462,000	1,264,000
Benefits paid	(508,000)	(667,000)
	<u>19,128,000</u>	<u>17,597,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening fair value of scheme assets	16,479,000	16,167,000
Contributions by employer	-	9,000
Contributions by scheme participants	22,000	22,000
Expected return	357,000	420,000
Actuarial gains/(losses)	(319,000)	528,000
Benefits paid	(508,000)	(667,000)
	<u>16,031,000</u>	<u>16,479,000</u>

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

**21. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Gain/(loss) on scheme assets and liabilities	(1,462,000)	(1,264,000)
	<u>(1,462,000)</u>	<u>(1,264,000)</u>

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

	Defined benefit pension plans	
	2020	2019
Equities	42.69%	53.54%
Bonds	7.55%	4.95%
Property	4.14%	0.64%
Other	45.62%	40.87%
	<u>100.00%</u>	<u>100.00%</u>

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

	2020	2019
Discount rate	1.45%	2.20%
Future salary increases	3.30%	3.60%
Future pension increases	2.10%	2.10%
Increases in deferment (non-GMP)	2.80%	3.10%
Inflation	2.80%	3.10%

Increases in pensions in payment (in respect of service after 5 April 1997) , and deferred pensions subject to statutory revaluation, have been assumed to increase in line with future price inflation.

The mortality assumption adopted for the purposes of the calculations as at 30 June 2020 is as follows:

- S2PA base table
- Future mortality improvements: CMI 2019 projections subject to a long term rate of improvement of 1.25%pa.

	2020	2019
Average life expectancies		
Male retiring at reporting date at age 65 (in years)	21.7	21.7
Male retiring at age 65 in 20 years	23.0	23.0
Female retiring at reporting date at age 65	23.5	23.4
Female retiring at age 65 in 20 years	25.0	24.9

Members are assumed to retire at the earliest age at which they can take their full pension unreduced. It is assumed that members commute 60% of the maximum allowable at retirement.

**22. RELATED PARTY DISCLOSURES**

All of the following related party transactions were on normal commercial terms:

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

**22. RELATED PARTY DISCLOSURES - continued**

**Entities over which the entity has control, joint control or significant influence**

	2020	2019
	£	£
Charged	621,787	560,923
Covered expenditure as per the owner agreement	734,852	832,707
Amount due from related party	257,810	40,154
Amount due to related party	<u>-</u>	<u>1,670</u>

**Entities with common directors**

	2020	2019
	£	£
Purchases	65,532	95,161
Amount due to related party	<u>1,800</u>	<u>17,013</u>

**23. ULTIMATE CONTROLLING PARTY**

There is no ultimate controlling party.

**24. ULTIMATE HOLDING COMPANY**

The company's ultimate holding company and its parent company is Elsoms (Spalding) Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the group accounts of the ultimate parent company can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.