

Registered number: 06037428

**GRAINLINK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**



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**GRAINLINK LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS** S A Dolphin  
B P Roberts  
G W Davies  
N Birkinshaw (resigned 27 August 2019)  
D A T Evans (appointed 8 March 2019)

**SECRETARY** B P Roberts

**COMPANY NUMBER** 06037428

**REGISTERED OFFICE** Eagle House  
Llansantffraid - Ym - Mechain  
Powys  
SY22 6AQ

**AUDITOR** BDO LLP  
3 Hardman Street  
Manchester  
M3 3AT

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**GRAINLINK LIMITED**

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## GRAINLINK LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

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The Directors present their strategic report together with the audited financial statements for the year ended 31 October 2019.

#### PRINCIPAL ACTIVITIES

The Company's principal activities were that of grain merchants.

#### BUSINESS REVIEW

The financial performance of the business during the year ended October 2019 benefitted from the high-volume harvest of 2019 which resulted in increased volumes for sale and integration of the Grantham office helped to increase the volume of trade.

Revenue for the year amounted to £90,305,150 (2018 - £74,747,534), an increase of 21% or £15,557,616. This increase was due to a combination of higher volumes traded and commodity inflation.

Operating Profit increased to £750,828 (2018 - £449,539), an increase of 67%. The Directors consider this to be a good performance.

Working Capital (excluding Cash) utilisation in the year has decreased, hence at 31 October 2019 the company had a cash balance of £265,989 which compares to an overdraft of £1,759,595 at 31 October 2018.

#### KEY PERFORMANCE INDICATORS

The performance of the business is regularly monitored against Key Performance Indicators (KPI's) being that of turnover, gross profit, and profit before tax, with the reported results of these KPI's for the year under review and the prior comparisons being as follows:

Sales revenue was £90,305,150 (2018: £74,747,534) with the increase relating to higher unit grain prices, and the inclusion of the new activity in Grantham for part of the year which added to the overall volumes the business has traded over the previous year.

Gross profit was £1,840,199 (2018: £1,396,437) reflecting the higher volumes, albeit at lower unit margins due to the difficult trading conditions.

Profit before tax was £742,143 (2018: £447,271) which the directors consider to be a good return given the current market conditions.

Additionally, overall trading volumes, in terms of metric tonnes, are important to the business, together with gross margin and net profit per tonne. These are monitored on a monthly basis against previous year and budget but are commercially sensitive and therefore not publicly disclosed.

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## GRAINLINK LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

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#### PRINCIPAL RISKS AND UNCERTAINTIES

The Directors aim to mitigate the risks that are faced as they seek to create sustainable growth over the medium to long-term by adopting an approach that is appropriate to the business activities being conducted, with the aim of ensuring risk management is appropriately aligned with commercial strategy. The Board retain overall responsibility for reviewing risk management strategies and this statement provides information about the extent of exposure to identified risks that the Board is able to bear and willing to take. The executive directors work to provide oversight and scrutiny in this area to ensure that risk management is appropriately aligned with commercial strategy.

The tone of the organization towards the risk is achieved by modelling behaviors which drive strategic thinking, pace, risk management and compliance. Stakeholder feedback is sought from a variety of sources which is considered and acted upon as appropriate in order to ensure that the company is functioning in line with the corporate goals

As with all businesses, there are some risks and uncertainties which are not able to be controlled.

A more detailed analysis of the framework for the Group and its subsidiaries' can be found in the Group Annual Report which is available at [www.wynnstay.co.uk](http://www.wynnstay.co.uk).

#### MODERN SLAVERY AND HUMAN TRAFFICKING

Following the introduction of the Modern Slavery Act 2015, the Company prepared an initial statement, published in December 2016, regarding the procedures in place to limit the risk of slavery or human trafficking events occurring within its business and supply chain. This statement set out Glasson Grain's current approach to understanding the potential risks of such abuses, and the steps in place and to be implemented, to prevent modern slavery or human trafficking events occurring within its own business and associated supply chains. This statement relates to intentions and actions taken during the financial year, and the future development of procedures for identifying risks and preventing abuses. An updated statement is currently under preparation.

The Grainlink Board has committed to preventing modern slavery and human trafficking acts within its corporate activities, and to ensure that its national and international supply chains are free from such abuses. Where possible the organisation prefers to build long standing relationships with our suppliers, where through a strengthening of trading commitments, we can make clear our expectations of business behaviour. A review of primary trading partners has been completed with a view to identifying relationships where a risk may exist. This categorisation approach is intended to allow the Company to prioritise its limited resources initially to any areas of perceived highest threat. Engagement with these suppliers has not identified any substantial risks to date. Procurement policies have been updated to include ethical and supplier codes of conduct where appropriate. In addition to any usual commercial contract terms. This process is intended to be rolled out to all appropriate supply relationships.

Our procurement policy is intended to comply with the Modern Slavery Act 2015 and incorporates a risk assessment protocol which identifies and assesses potential risk within that particular supply chain. Appropriate investigative and auditing processes commensurate to the scale of the enterprise and risk, are intended to be executed as necessary. Our staff will be provided with sufficient training enabling them to identify risk and ensure the expectations of the procurement policy and its associated processes are understood at all levels across the Company. All suspected cases of modern slavery and human trafficking are requested to be reported to the Head of Procurement, and any such report will be investigated on a case by case basis, with appropriate remedial action taken immediately. The Board also recognise that concerns about modern slavery are not just limited to the Company's supply chains but may also be a risk within the Company's own employment environment, and particularly with regard to temporary or agency staff use. A review of such hiring practises has taken place, and a list of approved providers is maintained.

This statement has been approved by the Company's Board of Directors, who will review and update it annually.

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## GRAINLINK LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

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#### FUTURE DEVELOPMENTS

The Company retains a sound financial base and has net current assets of £3,968,045 (2018: £3,720,449) and total Shareholders' funds of £4,015,980 (2018: £3,763,307).

The Company has a business plan for future growth that shows continuing profitability and sufficient cash flows and resources to meet the requirements of that plan.

#### GOING CONCERN

Since the year end the Company's performance continues to be in line with the Directors' expectations.

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak a global pandemic. Covid-19 is a non-adjustment post balance sheet event.

Following the Year End, Wynnstay Group plc released interim results for the half year to the 30<sup>th</sup> April 2020. These are available on the company website.

The financial position of the Group post year end, as reflected in the results to the end of April 2020 show an improved position from the equivalent period to the end of April 2019 with the Group Cash and Cash Equivalents being £3.452 million in 2020 as compared to £0.423 million in 2019. Grainlink Limited is included in the Group Facility and has access to these funds.

The board of directors have reviewed various potential scenarios and their likely impact on the Company which indicates that the Company has the resources and funding to carry on its business. These scenarios included a decrease in revenue and increase in working capital requirements.

In terms of office workers there was a mixture of a transition to home working and remodeling of existing workplaces to accommodate workers within Government Social Distancing Guidelines. This did not result in a noticeable lack of productivity.

The length of the COVID-19 outbreak and resulting Government measures meant the board met regularly to manage the situation as the matter progressed. Although the situation is currently easing, the measures can be reintroduced as and when necessary. The board of directors will monitor the situation closely to manage any impacts that the business may face as a result of the continuing pandemic and make any further cost savings if needed.

Given the strength of the Group External Banking Position and the renewal of £20 million Bank facilities in June 2020 the board of directors are satisfied that the Company has adequate resources for a period of at least 12 months from the signing of these accounts.

This report was approved by the board on 4<sup>th</sup> Aug, 20 and signed on its behalf by:

B P Roberts



Director

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## GRAINLINK LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

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The Directors present their report and financial statements for the year ended 31 October 2019

#### RESULTS

The profit for the period, after taxation, amounted to £602,676 (2018: £362,137).

#### DIRECTORS

The Directors who served during the year were:

S A Dolphin  
B P Roberts  
G W Davies  
D A T Evans (appointed 8 March 2019)  
N Birkinshaw (resigned 27 August 2019)

#### EMPLOYEES

The company has procedures for keeping its employees informed about the progress of the business. The company provides training and support for all employees where appropriate and gives a full and fair consideration to disabled applicants in respect of duties which may be effectively performed by a disabled person. Where existing employees become disabled, the company will seek to continue employing them, bearing in mind their disability and provided suitable duties are available. Failing this, all attempts will be made to provide a continuing income. Health and safety matters are a high priority issue for the Board.

#### PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when the Directors' report was approved has confirmed that:

- So far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that Directors have taken all steps that they ought to have taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

#### AUDITOR'S REAPPOINTMENT

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed in accordance with section 485 of the Companies Act 2006.

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**GRAINLINK LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**DIVIDENDS**

The Directors have authorised a dividend payment of £350,000 during the year (2018: £350,000).

This report was approved by the board on *4<sup>TH</sup> Aug, 2020* signed on its behalf by:

**B P Roberts**

Director



Registered address:  
Eagle House  
Llansantffraid-Ym-Mechain  
Powys  
SY22 6AQ



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**GRAINLINK LIMITED**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE  
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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## GRAINLINK LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAINLINK LIMITED FOR THE YEAR ENDED 31 OCTOBER 2019

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#### Independent Auditor's Report to members of GRAINLINK LIMITED

##### Opinion

We have audited the financial statements of Grainlink Limited ("the Company") for the year ended 31 October 2019 which comprise the statement of comprehensive income, the balance sheet, 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 101 Reduced Disclosure Framework (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 31 October 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

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

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

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## GRAINLINK LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAINLINK LIMITED FOR THE YEAR ENDED 31 OCTOBER 2019

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#### Independent Auditor's Report to members of GRAINLINK LIMITED (Continued)

##### 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.

##### 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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## GRAINLINK LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAINLINK LIMITED FOR THE YEAR ENDED 31 OCTOBER 2019

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#### Independent Auditor's Report to members of GRAINLINK LIMITED (Continued)

##### 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 and Director's report.

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

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

##### Responsibilities of Directors

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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**GRAINLINK LIMITED**

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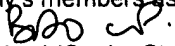
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAINLINK LIMITED  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**Independent Auditor's Report to members of GRAINLINK LIMITED (Continued)**

**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.

  
Stuart Wood (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Manchester

Date: 06/08/2020.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**GRAINLINK LIMITED**

**STATEMENT OF COMPRHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2019**

		2019	2018
	Note	£	£
<b>TURNOVER</b>	2	<b>90,305,150</b>	74,747,534
Cost of sales		<u>(88,464,951)</u>	<u>(73,351,097)</u>
<b>GROSS PROFIT</b>		<b>1,840,199</b>	1,396,437
Administrative expenses		<u>(1,089,371)</u>	<u>(946,898)</u>
<b>OPERATING PROFIT</b>	3	<b>750,828</b>	449,539
Interest payable and similar charges	7	<u>(8,685)</u>	<u>(3,831)</u>
Other interest receivable and similar income	7	<u>-</u>	<u>1,563</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>742,143</b>	447,271
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	8	<u>139,467</u>	<u>(85,134)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>602,676</b></u>	<u>362,137</u>

There was no other comprehensive income for the current or prior year

All of the above are derived from continuing operations.

The notes on pages 16 to 27 form part of these financial statements.

**GRAINLINK LIMITED**

**REGISTERED NUMBER 06037428  
BALANCE SHEET  
AS AT 31 OCTOBER 2019**

		2019	2018
	Note	£	£
<b>NON-CURRENT ASSETS</b>			
Tangible assets	9	54,999	69,959
Deferred Tax		<u>1,465</u>	<u>275</u>
		56,464	70,234
<b>CURRENT ASSETS</b>			
Stocks	10	1,428,292	3,372,157
Trade and other receivables	11	11,580,125	11,551,877
Cash at bank and in hand		<u>265,989</u>	<u>715</u>
		13,274,406	14,924,749
<b>CURRENT LIABILITIES</b>			
Bank overdraft		-	(1,759,595)
Trade and other payables		(9,186,037)	(9,363,111)
Finance leases		(28,685)	(22,848)
Current tax liabilities		<u>(91,639)</u>	<u>(58,696)</u>
	12	(9,306,361)	(11,204,250)
<b>NET CURRENT ASSETS</b>		<u>3,968,045</u>	<u>3,720,499</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,024,509</u>	<u>3,790,733</u>
<b>NON-CURRENT LIABILITIES</b>			
Finance leases	12	<u>(8,529)</u>	<u>(27,426)</u>
<b>NET ASSETS</b>		<u>4,015,980</u>	<u>3,763,307</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,000,000	1,000,000
Profit and loss account		<u>3,015,980</u>	<u>2,763,307</u>
<b>SHAREHOLDERS' FUNDS - All</b>		<u>4,015,980</u>	<u>3,763,307</u>

The financial statements were approved and authorised for issue by the board on *14<sup>th</sup> Aug 2020* and were signed on its behalf by:

*B P Roberts*

**B P Roberts**  
Director

The notes on pages 16 to 27 form part of these financial statements.

**GRAINLINK LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 OCTOBER 2019**

	<b>Note</b>	<b>Share Capital £</b>	<b>Revaluation Reserve £</b>	<b>Retained Earnings £</b>	<b>Total Equity £</b>
As at 1 November 2017		1,000,000		2,751,170	3,751,170
Comprehensive income for the year:					
Profit for the year		-	-	362,136	362,136
Total comprehensive income for the year				362,136	362,136
Distributions to owners:					
Dividend paid	13	-	-	(350,000)	(350,000)
Total distributions to owners		-	-	(350,000)	(350,000)
As at 31 October 2018		1,000,000	-	2,763,306	3,763,306
Comprehensive income for the year:					
Profit for the year		-	-	602,674	602,674
Total comprehensive income for the year				602,674	602,674
Distributions to owners:					
Dividend paid	13	-	-	(350,000)	(350,000)
Total distributions to owners		-	-	(350,000)	(350,000)
As at 31 October 2019		1,000,000	-	3,015,980	4,015,980

The notes on pages 16 to 27 form part of these financial statements.



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## GRAINLINK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

Grainlink Limited (the "Company") is a company incorporated and domiciled in the UK

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The Company has applied IFRS 15 and IFRS 9 in the current year. There was no material adjustments as a result of application of these standards.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of IFRS as adopted by the EU ("Adopted IFRS's"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosures exemptions has been taken.

The Company's ultimate parent undertaking, Wynnstay Group PLC includes the Company in its consolidation financial statements. The consolidation financial statements of Wynnstay PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the registered office Eagle House, Llansantffraid-Ym-Mechain, Powys, SY22 6AQ.

In these financial statements the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes
- Disclosure in respect of transactions with wholly owned subsidiaries
- The effect of new but not yet effective IFRS's
- Disclosures in respect of capital management
- Disclosures in respect of the compensation of Key Management
- Comparative period reconciliations for share capital, tangible fixed assets.

As the consolidated financial statements of Wynnstay Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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## GRAINLINK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.2 Going concern

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak a global pandemic. Covid-19 is a non-adjustment post balance sheet event.

Following the Year End, Wynnstay Group plc released interim results for the half year to the 30<sup>th</sup> April 2020. These are available on the company website.

The financial position of the Group post year end, as reflected in the results to the end of April 2020 show an improved position from the equivalent period to the end of April 2019 with the Group Cash and Cash Equivalents being £3.452 million in 2020 as compared to £0.423 million in 2019. Grainlink Limited is included in the Group Facility and has access to these funds.

The board of directors have reviewed various potential scenarios and their likely impact on the Company which indicates that the Company has the resources and funding to carry on its business. These scenarios included a decrease in revenue and increase in working capital requirements.

In terms of office workers there was a mixture of a transition to home working and remodeling of existing workplaces to accommodate workers within Government Social Distancing Guidelines. This did not result in a noticeable lack of productivity.

The length of the COVID-19 outbreak and resulting Government measures meant the board met regularly to manage the situation as the matter progressed. Although the situation is currently easing, the measures can be reintroduced as and when necessary. The board of directors will monitor the situation closely to manage any impacts that the business may face as a result of the continuing pandemic and make any further cost savings if needed.

Given the strength of the Group External Banking Position and the renewal of £20 million Bank facilities in June 2020 the board of directors are satisfied that the Company has adequate resources for a period of at least 12 months from the signing of these accounts.

The Company's forecasts show that profitability, sufficient cash flow and resources are available to meet the requirements of the business. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### 1.3 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Revenue is recognised when goods are delivered to the customer and title has passed, as this is when the related performance obligations are satisfied. All turnover arose within the United Kingdom.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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## GRAINLINK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

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Motor Vehicles	-	25%	straight line
Fixtures & Fittings	-	10% to 33%	straight line

#### 1.5 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 Employee benefits

###### *Defined contribution plans*

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

##### 1.7 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

##### 1.8 Financial instruments

###### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

###### *Trade and other receivables*

Trade and other receivables are recognized initially at fair value. Subsequent to initial recognition they are measured at amortized using the effective interest method, less any impairment losses

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

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Impairment provisions for trade debtors are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade debtors is assessed. For trade debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade debtor will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since the initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

#### *Interest-bearing borrowings*

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of attributable transactions costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the Group Income Statement over the period of the borrowings on an effective interest basis.

### **ACCOUNTING POLICIES (continued)**

#### *Trade payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective method.

#### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

#### *Fair Value Hedges*

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised.

Immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

#### *Application of the "own use" exemption*

Forward contracts are entered into by the Company to purchase and/or sell grain and other agricultural commodities, and management judge that these forward commodity contracts are

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## GRAINLINK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

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entered into for the Company's "own use" rather than as trading instruments when they are entered into. They continue to be held in accordance with the Company's expected purchase, sale and/or usage requirements.

#### 1.9 Estimates and assumptions

##### *Provision for impairment of trade receivables*

The financial statements include a provision for impairment of trade receivables that is based on management's estimation of recoverability and expected credit loss under IFRS 9. There is a risk that the provision will not match the trade receivables that ultimately prove to be irrecoverable.

##### *Fair value measurement*

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique are (the "fair value hierarchy"):

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

#### 1 ACCOUNTING POLICIES (continued)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

##### *Application of the "own use" exemption*

Forward contracts are entered into by the Company to purchase and/or sell grain and other agricultural commodities, and management judge that these forward commodity contracts are entered into for the Company's "own use" rather than as trading instruments when they are entered into. They continue to be held in accordance with the Company's expected purchase, sale and/or usage requirements.

#### 2. TURNOVER

Turnover is attributable to the one principal activity of the Company, being grain merchants. All turnover arose within the United Kingdom.

#### 3. OPERATING PROFIT

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

2019

2018

**GRAINLINK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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	£	£
Operating Leases	2,400	2,400
Deferred contribution pension cost	29,610	19,915
Loss/(Profit) on disposal of fixed assets	453	(9,106)
Depreciation of tangible fixed assets:		
- under finance lease	27,731	12,012
- owned by the Company	7,074	14,766

**4. STAFF COSTS**

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

	2019	2018
	£	£
Wages and salaries	742,135	623,088
Social security costs	73,123	67,667
Pension costs	29,610	19,915
	<u>844,868</u>	<u>710,670</u>

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

	2019	2018
	No.	No.
Administration	<u>19</u>	<u>19</u>

**5. AUDITOR'S REMUNERATION**

	2019	2018
	£	£
Audit of these financial statements	<u>10,710</u>	<u>8,850</u>

**6. DIRECTORS' REMUNERATION**

	2019	2018
	£	£
Emoluments	<u>149,127</u>	<u>118,342</u>

During the period retirement benefits were accruing to one director (2018: one) in respect of money purchase pension scheme.

**7. FINANCE INCOME & EXPENSE**

2019	2018
£	£

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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Interest expense	-	2,750
Finance lease interest	<u>8,685</u>	<u>1,081</u>
	<u>8,685</u>	<u>3,831</u>
Other interest receivable	-	(1,563)
	<u>8,685</u>	<u>2,268</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. TAXATION**

	2019 £	2018 £
<b>CURRENT TAX</b>		
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profits of the period	142,549	85,897
Under provision from prior years	(1,892)	662
<b>Total current tax</b>	<b>140,657</b>	<b>86,559</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(1,189)	(1,425)
<b>Total deferred tax</b>	<b>(1,189)</b>	<b>(1,425)</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>139,468</b>	<b>85,134</b>
<b>Reconciliation of effective tax rate</b>		
	2019 £	2018 £
Profit for the year	<b>742,143</b>	<b>447,271</b>
Profit for the year multiplied by standard rate of corporation tax in the UK of 19.0% (2018: 19.0%)	<b>141,006</b>	84,981
Effect of tax rate		
Adjustments in respect of prior periods	(1,893)	662
Capital Allowance for period lower than depreciation		328
Expenses not deductible for tax purposes	(73)	124
Movement on unrecognised deferred tax	427	-
Origination and reversal of timing differences	-	(961)
<b>Total tax expense</b>	<b>139,467</b>	<b>85,134</b>



**GRAINLINK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

**9. TANGIBLE FIXED ASSETS**

	Fixtures and Fittings £	Motor Vehicles £	Total £
<b>Cost</b>			
At 1 November 2018	79,525	68,831	148,356
Additions	4,086	15,760	19,846
<b>At 31 October 2019</b>	<b>83,611</b>	<b>84,591</b>	<b>168,202</b>
<b>Depreciation</b>			
At 1 November 2018	66,385	12,013	78,398
Charge for the year	7,074	27,731	34,805
<b>At 31 October 2019</b>	<b>73,459</b>	<b>39,744</b>	<b>113,203</b>
<b>Net book value</b>			
<b>At 31 October 2019</b>	<b>10,152</b>	<b>44,847</b>	<b>54,999</b>
At 31 October 2018	13,140	56,819	69,959

Included in the total net book value of motor vehicles is £44,846 (2018: £56,818) in respect of motor vehicles held under finance leases or similar contracts.

**10. STOCKS**

	2019 £	2018 £
Finished goods and goods for resale	1,428,292	3,372,157

Stock recognised in cost of sales in the year was £5,526,522 (2018: £5,334,103)

**11. DEBTORS**

	2019 £	2018 £
Trade debtors	11,055,891	10,952,225
Amounts owed by group undertakings	251,485	319,543
Other debtors	59,799	56,986
Fair value of derivatives	110,020	22,143
Prepayments and accrued income	102,930	200,980
	<b>11,580,125</b>	<b>11,551,877</b>

Amounts owed by the Group Undertakings are due on demand and interest free. The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar aging. The expected loss rates are based on the Company's historical credit losses experience over the twelve month period prior to the period year end. Trade receivables are stated after a provision for impairment of £30 (2018: £30,688).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**12. FINANCIAL LIABILITIES**

	2019	2018
	£	£
<b>Current</b>		
Net obligations under finance leases	28,685	22,848
Trade creditors	8,225,790	8,757,562
Other creditors	46,420	39,882
Amounts due to group undertakings	614,420	387,163
Accruals and deferred income	220,696	102,155
Fair value of derivatives	78,711	76,348
Bank overdraft	-	1,759,595
Corporation Tax	91,639	58,697
	<u>9,306,361</u>	<u>11,204,250</u>
<b>Non - Current</b>		
Net obligations under finance leases	8,529	27,426
	<u>9,314,890</u>	<u>11,231,676</u>

Amounts owed by the Group Undertakings are due on demand and interest free.

**13. DIVIDEND**

	2019	2018
	£	£
The aggregate amount of dividends comprise:		
Ordinary dividends declared and paid in the year	<u>350,000</u>	<u>350,000</u>

**14. SHARE CAPITAL**

	2019	2018
	£	£
<b>Allotted, called up and fully paid</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,000,000</u>	<u>1,000,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. EMPLOYEE BENEFITS**

The company operates a defined contribution scheme, the total amount charged to the profit and loss account is £31,528 (2018: £24,582).

The amount outstanding at the period end and included in other creditors is £13,374 (2018: £12,985).

**16. RELATED PARTY TRANSACTIONS**

*Identity of related parties with which the Company has transacted*

During the year the company had sales to S Dolphin a director of the company to the value of £1,351 (2018: £2,598). The balance outstanding at the 31 October 2019 was £nil (2018: £819).

During the year the company had recharges to S Dolphin a director of the company to the value of £5,220 (2018: £3,650). The balance outstanding at the 31 October 2019 was £2,182 (2018: £nil).

All transactions were carried out on at arm's length basis.

**17. CONTINGENT LIABILITIES**

The Company is party to an unlimited composite cross guarantee arrangement to HSBC Bank Plc to secure an indebtedness to the bank from all trading entities which are subsidiaries of the Company's ultimate parent undertaking, Wynnstay Group Plc.

**18. OPERATING LEASE COMMITMENTS**

As at 31 October 2019 the company had annual commitments under non-cancellable operating leases as set out below:

	<b>Land and buildings 2019</b>	<b>Land and buildings 2018</b>
<b>Expiry date:</b>		
Within 1 year	<b>2,400</b>	<b>2,400</b>
	<b>2,400</b>	<b>2,400</b>

**19. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP**

The Company is a subsidiary undertaking of Wynnstay Group Plc, a Company registered in England and Wales which is the ultimate parent company and ultimate controlling party.

The largest group in which the results of the Company are consolidated is that headed by Wynnstay Group Plc. No other group financial statements include the results of the Company. Copies of the group accounts can be obtained from the registered office Eagle House, Llansantffraid-Ym-Mechain, Powys, SY22 6AQ.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20 Events after the balance sheet date**

On 11 March 2020, the World Health Organisation declared the novel coronavirus (COVID-19) outbreak a global pandemic. This represents a non-adjusting post balance sheet event as at 31 October 2019 no cases had been confirmed. Covid-19 is an emerging and rapidly evolving situation. Based on longer term expectations for the business, the Directors are satisfied that revisions to cash flows forecasts caused by this non adjusting post-balance sheet event would not lead to a material change to the carrying value of non-current assets or liabilities as the revisions are not currently seen as material as the business is involved in the supply to the UK agricultural industry. Increased short- to medium-term economic uncertainty is also likely to lead to an increase in expected credit loss provisions on financial assets, although this is not expected to materially affect short term receivables recognised at the year end.