

GRAINLINK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018



GRAINLINK LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| DIRECTORS | S A Dolphin B P Roberts G W Davies N Birkinshaw |
| 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 |

GRAINLINK LIMITED

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GRAINLINK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2018

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

This year has been another successful trading year, measured by the absolute values of the Key Performance Indicators used by the Board to assess and communicate the financial performance of the Company. These include sales revenue, gross profit and profit before tax, with the results discussed below. However, trading conditions, particularly in the first half of the financial year were very challenging as result of significant regional variances in product quality and availability after a difficult harvest in the autumn of 2017. These conditions created an almost unique set of circumstances where pricing spreads between local physical values and market value indications on the London LIFFE derivatives market became the largest in living memory. Generating levels of forward trade under such circumstances can increase margin risks and as such, acts to limit the amount of profitable trading that can be undertaken. These conditions undoubtedly restricted the financial performance of the business during the year, and caused a number of competitors to suffer trading and financial stress, which it is believed will create future opportunities for the business.

The Directors therefore consider that the financial results under these circumstances are a particular recognition of the level of expertise and the sustainable business model that the Company operates, and that a continued level of success can be expected.

During the year, further work has been undertaken to fully integrate the business transferred into the Company from Woodheads Seeds Limited in 2017, and the Board believe that a positive contribution can be obtained from this activity in the future. In June 2018, the Company established a satellite office in Grantham, Lincolnshire and recruited a number of experienced grain traders with a view to commencing trading in a new geographical region for the business. While this is a very competitive area, the Directors are confident that a profitable impact can be made on this market place.

The liquidity of the business, which is an important priority for a trading company where reputation is crucial for client confidence, remains extremely good, with increased resources made available to it from its parent entity to support the significant expansion in activities undertaken during the financial year and planned for the future.

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 £74,747,534 (2017: £59,739,944) 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. This increase in activity has resulted in higher working capital utilisation.

Gross profit was £1,396,437 (2017: £1,186,476) reflecting the higher volumes, albeit at lower unit margins due to the difficult trading conditions.

Profit before tax was £447,271 (2017: £370,200) which the directors consider to be a satisfactory 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company does not engage in the taking of speculative commodity positions, although it does make forward purchases and sales. Position reporting systems are in place to ensure the directors are appraised and where possible hedging tools, primarily wheat futures contracts on the London LIFFE market, are used to manage price decisions.

The Company is exposed to substantial customer credit balances, and to mitigate the risk, a credit insurance policy has been purchased to provide partial cover against default by certain customers.

GRAINLINK LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2018**

Although there is a constant risk of customer loss from enhanced competition, the Company continues to believe that the Company has the strength of trade and resources and expertise to withstand this concern.

FUTURE DEVELOPMENTS

The Directors consider they have the necessary level of expertise to ensure the continued success of the business and have future plans to expand the geographical reach of the business.

EVENTS SINCE THE YEAR END

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

This report was approved by the board on 22 January 2019 and signed on its behalf by:



B P Roberts

Director

GRAINLINK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2018

The Directors present their report and financial statements for the year ended 31 October 2018

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.

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 ensure 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.

AUDITORS

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

KPMG LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

GRAINLINK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2018**

DIVIDENDS

The Directors have authorised a dividend payment of £350,000 during the period (2017: £250,000).

RESULTS

The profit for the period, after taxation, amounted to £362,137 (2017: £296,570).

DIRECTORS

The Directors who served during the year were:

S A Dolphin
K R Greetham (retired on 11 July 2018)
B P Roberts
G W Davies
N Birkinshaw

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.

This report was approved by the board on 22 January 2019 signed on its behalf by:



B P Roberts
Director

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

GRAINLINK LIMITED

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 2018 which comprise the profit and loss statement, 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 2018 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.

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.

GRAINLINK 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 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.

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.

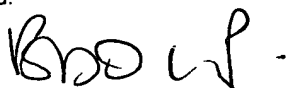
Auditor's responsibilities for the audit of the financial statements

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.

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: 22 January 2019

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

GRAINLINK LIMITED

**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2018**

| | | 2018 | 2017 |
|--|------|-----------------------|---------------------|
| | Note | £ | £ |
| TURNOVER | 2 | 74,747,534 | 59,739,944 |
| Cost of sales | | <u>(73,351,097)</u> | <u>(58,553,468)</u> |
| GROSS PROFIT | | 1,396,437 | 1,186,476 |
| Administrative expenses | | <u>(946,898)</u> | <u>(816,276)</u> |
| OPERATING PROFIT | 3 | 449,539 | 370,200 |
| Interest payable and similar charges | 7 | (3,831) | - |
| Other interest receivable and similar income | 7 | <u>1,563</u> | <u>-</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 447,271 | 370,200 |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | 8 | <u>(85,134)</u> | <u>(73,630)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>362,137</u> | <u>296,570</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 12 to 21 form part of these financial statements.

GRAINLINK LIMITED

**REGISTERED NUMBER 06037428
BALANCE SHEET
AS AT 31 OCTOBER 2018**

| | | 2018 | | 2017 | |
|---|------|-------------------|------------------|------------------|------------------|
| | Note | £ | £ | £ | £ |
| NON-CURRENT ASSETS | | | | | |
| Tangible assets | 9 | | <u>69,959</u> | | <u>25,514</u> |
| | | | 69,959 | | 25,514 |
| CURRENT ASSETS | | | | | |
| Stocks | 10 | 3,372,157 | | 1,487,918 | |
| Debtors: Amounts falling due within one year | 11 | 11,551,877 | | 7,584,229 | |
| Debtors: Amounts falling due after more than one year | 11 | 275 | | | |
| Cash at bank and in hand | | <u>715</u> | | <u>524,839</u> | |
| | | <u>14,925,024</u> | | <u>9,596,986</u> | |
| CREDITORS: Amounts falling due within one year | 12 | (11,204,250) | | (5,870,181) | |
| NET CURRENT ASSETS | | | <u>3,720,774</u> | | <u>3,726,805</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>3,790,733</u> | | <u>3,752,319</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Finance leases | 12 | | <u>(27,426)</u> | | |
| | | | (27,426) | | |
| PROVISIONS FOR LIABILITIES | | | | | <u>(1,149)</u> |
| NET ASSETS | | | <u>3,763,307</u> | | <u>3,751,170</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 14 | | 1,000,000 | | 1,000,000 |
| Profit and loss account | | | <u>2,763,307</u> | | <u>2,751,170</u> |
| SHAREHOLDERS' FUNDS - equity | | | <u>3,763,307</u> | | <u>3,751,170</u> |

The financial statements were approved and authorised for issue by the board on 22 January 2019 and were signed on its behalf by:

S A Dolphin
Director

The notes on pages 12 to 21 form part of these financial statements.

GRAINLINK LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 OCTOBER 2018**

| | Note | Share Capital £ | Profit and loss account £ | Total £ |
|------------------------------|------|--------------------|---------------------------------|------------------|
| COST | | | | |
| As at 1 November 2016 | | 1,000,000 | 2,704,600 | 3,704,600 |
| Profit for the year | | - | 296,570 | 296,570 |
| Dividend paid | 13 | - | (250,000) | (250,000) |
| As at 31 October 2017 | | <u>1,000,000</u> | <u>2,751,170</u> | <u>3,751,170</u> |
| Profit for the year | | - | 362,137 | 362,137 |
| Dividend paid | 13 | - | (350,000) | (350,000) |
| As at 31 October 2018 | | <u>1,000,000</u> | <u>2,763,307</u> | <u>3,763,307</u> |

The notes on pages 12 to 21 form part of these financial statements.

GRAINLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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").

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 financial statements are prepared on a historical cost basis.

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 statement 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.
- 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.

GRAINLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

1. ACCOUNTING POLICIES (continued)

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 3. The financial position of the Company and the principal risks and uncertainties are described in the Business Review on page 3.

The Company's forecasts that show profitability and 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

Revenue represents the invoiced value of sales which fall within the Company's ordinary activities. Revenue is measured at the fair value of the contract net of rebates excluding value added tax.

Revenue from the sale of goods is recognised when the Company has transferred the significant risks and rewards of ownership of goods to the buyer, for example, delivering products into the customer's possession, and when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company.

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:

| | | | |
|---------------------|---|------------|---------------|
| 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

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 receivables

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

Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of attributable transaction 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.

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 interest 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).

GRAINLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

1 ACCOUNTING POLICIES (continued)

1.9 Estimates and assumptions

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

There are no judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Other estimates include:

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.

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. There is a risk that the provision will not match the trade receivables that ultimately prove to be irrecoverable.

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:

| | 2018 | 2017 |
|--|-----------|-----------|
| | £ | £ |
| Inventories recognised as an expense | 5,334,103 | 3,788,991 |
| Operating Leases | 2,400 | 2,400 |
| Deferred contribution pension cost | 19,915 | 29,951 |
| Profit of disposal of fixed assets | (9,106) | - |
| Depreciation of tangible fixed assets: | | |
| - under finance lease | 12,012 | - |
| - owned by the Company | 14,766 | 12,318 |

GRAINLINK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

4. STAFF COSTS

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

| | 2018 | 2017 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 623,088 | 508,280 |
| Social security costs | 67,667 | 53,841 |
| Pension costs | 19,915 | 29,951 |
| | <u>710,670</u> | <u>592,072</u> |

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

| | 2018 | 2017 |
|----------------|-----------|-----------|
| | No. | No. |
| Administration | <u>19</u> | <u>14</u> |

5. AUDITOR'S REMUNERATION

| | 2018 | 2017 |
|-------------------------------------|--------------|--------------|
| | £ | £ |
| Audit of these financial statements | <u>8,850</u> | <u>8,500</u> |

6. DIRECTORS' REMUNERATION

| | 2018 | 2017 |
|------------|----------------|----------------|
| | £ | £ |
| Emoluments | <u>124,532</u> | <u>132,173</u> |

During the period retirement benefits were accruing to one director (2017: one) in respect of money purchase pension scheme.

7. FINANCE INCOME & EXPENSE

| | 2018 | 2017 |
|---------------------------|--------------|----------|
| | £ | £ |
| Interest expense | 2,750 | - |
| Finance lease interest | 1,081 | - |
| | <u>3,831</u> | <u>-</u> |
| Other interest receivable | (1,563) | - |
| | <u>2,268</u> | <u>-</u> |

GRAINLINK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

8. TAXATION

| | 2018 | 2017 |
|--|----------------------|----------------------|
| | £ | £ |
| CURRENT TAX | | |
| Analysis of tax charge in the year | | |
| UK corporation tax charge on profits of the period | 85,897 | 74,500 |
| Under provision from prior years | <u>662</u> | <u>881</u> |
| Total current tax | <u>86,559</u> | <u>75,381</u> |
| DEFERRED TAX | | |
| Origination and reversal of timing differences | <u>(1,425)</u> | <u>(1,751)</u> |
| Total deferred tax | <u>(1,425)</u> | <u>(1,751)</u> |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | <u><u>85,134</u></u> | <u><u>73,630</u></u> |

Reconciliation of effective tax rate

| | 2018 | 2017 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Profit for the year | <u><u>447,271</u></u> | <u><u>370,200</u></u> |
| Profit for the year multiplied by standard rate of corporation tax in the UK of 19.0% (2017: 19.4%) | 84,981 | 71,819 |
| Effect of tax rate | - | (145) |
| Capital allowances for periods lower than depreciation | 328 | 1,561 |
| Adjustments in respect of prior periods | 662 | 881 |
| Expenses not deductible for tax purposes | 124 | 1,120 |
| Origination and reversal of timing differences | <u>(961)</u> | <u>(1,606)</u> |
| Total tax expense | <u><u>85,134</u></u> | <u><u>73,630</u></u> |

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2014) was reflected in the tax charge for the year. Further reductions to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 October 2017 has been calculated at 19%.

GRAINLINK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

9. TANGIBLE FIXED ASSETS

| | Fixtures and Fittings £ | Motor Vehicles £ | Total £ |
|---------------------------|-------------------------------|------------------------|----------------|
| Cost | | | |
| At 1 November 2017 | 77,133 | 21,769 | 98,902 |
| Additions | 2,392 | 68,831 | 71,223 |
| Disposals | - | (21,768) | (21,768) |
| At 31 October 2018 | 79,525 | 68,832 | 148,357 |
| Depreciation | | | |
| At 1 November 2017 | 51,619 | 21,769 | 73,388 |
| Charge for the year | 14,766 | 12,012 | 26,778 |
| Disposals | - | (21,768) | (21,768) |
| At 31 October 2018 | 66,385 | 12,013 | 78,398 |
| Net book value | | | |
| | 13,140 | 56,819 | 69,959 |
| At 31 October 2018 | | | |
| At 31 October 2017 | 25,514 | - | 25,514 |

Included in the total net book value of motor vehicles is £56,819 (2017: £nil) in respect of motor vehicles held under finance leases or similar contracts.

10. STOCKS

| | 2018 £ | 2017 £ |
|-------------------------------------|------------------|------------------|
| Finished goods and goods for resale | <u>3,372,157</u> | <u>1,487,918</u> |

GRAINLINK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

11. DEBTORS

| | 2018 | 2017 |
|------------------------------------|-------------------|------------------|
| | £ | £ |
| Current | | |
| Trade debtors | 10,952,225 | 7,119,490 |
| Amounts owed by group undertakings | 319,543 | 121,102 |
| Other debtors | 56,986 | 116,688 |
| Fair value of derivatives | 22,143 | 43,897 |
| Prepayments and accrued income | 200,980 | 183,052 |
| | <u>11,551,877</u> | <u>7,584,229</u> |
| Non - Current | | |
| Deferred Tax | 275 | - |
| | <u>11,552,152</u> | <u>7,854,229</u> |

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

There was no impairment loss recognised in the current or prior year in respect to bad or doubtful trade debtors.

12. CREDITORS

| | 2018 | 2017 |
|--------------------------------------|-------------------|------------------|
| | £ | £ |
| Current | | |
| Net obligations under finance leases | 22,848 | - |
| Trade creditors | 8,757,562 | 5,235,760 |
| Other creditors | 39,882 | 27,900 |
| Amounts due to group undertakings | 387,163 | 446,727 |
| Accruals and deferred income | 102,155 | 74,068 |
| Fair value of derivatives | 76,348 | 50,226 |
| Bank overdraft | 1,759,595 | - |
| Corporation Tax | 58,697 | 35,500 |
| | <u>11,204,250</u> | <u>5,870,181</u> |
| Non - Current | | |
| Net obligations under finance leases | 27,426 | - |
| | <u>11,231,676</u> | <u>5,870,181</u> |

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

GRAINLINK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

13. DIVIDEND

| | 2018 | 2017 |
|--|----------------|----------------|
| | £ | £ |
| The aggregate amount of dividends comprise: | | |
| Ordinary dividends declared and paid in the year | <u>350,000</u> | <u>250,000</u> |

14. SHARE CAPITAL

| | 2018 | 2017 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 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> |

15. RESERVES

The following describes the nature and purpose of each reserve within equity:

| Reserve | Description and purpose |
|-------------------|--|
| Share Capital | Nominal value of share capital subscribed for. |
| Retained Earnings | All other net gains and losses and transactions with owners (eg dividends) not recognised elsewhere. |

16. EMPLOYEE BENEFITS

The company operates a defined contribution scheme, the total amount charged to the profit and loss account is £19,915 (2017: £29,951).

The amount outstanding at the period end and included in other creditors is £12,985 (2017: £10,451).

17. 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 £2,598 (2017: £1,092). The balance outstanding at the 31 October 2018 was £819, (2017: £nil).

During the year the company had recharges to S Dolphin a director of the company to the value of £3,650 (2017: £3,405). The balance outstanding at the 31 October 2018 was £nil (2017: £442).

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

18. CONTINGENT LIABILITIES

The Company is part of a corporate gross guarantee arrangement between companies of Wynnstay Group PLC. Under the terms of the agreement the bank is authorised to offset credit balances to reduce the liabilities of the other companies included in the agreement. At the balance sheet date, the potential combined liability to the companies was £Nil (2017 - £Nil).

GRAINLINK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

19. OPERATING LEASE COMMITMENTS

As at 31 October 2018, the company had annual commitments under non-cancellable operating leases as set out below:

| | Land and buildings 2018 | Land and buildings 2017 |
|---------------|-------------------------------|-------------------------------|
| Expiry date: | | |
| Within 1 year | 2,400 | - |
| | <u>2,400</u> | <u>-</u> |

20. 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.