Grainlink Limited

Report and Financial Statements

Year Ended

31 October 2022

Company Number **06037428**

Grainlink Limited

Report and financial statements
for the year ended 31 October 2022

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Directors

S A Dolphin
B P Roberts
G W Davies
D A T Evans

Secretary and registered office

B P Roberts,

Eagle House,
Llansantffraid,
Powys,
SY22 6AQ

Company number

06037428

Grainlink Limited

Strategic Report
for the year ended 31 October 2022

The directors present their strategic report together with the audited financial statements for the year ended 31 October 2022.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW

Grainlink Limited ("the Company") provides farmers with an independent professional marketing service backed by the security of the Wynnstay Group Plc group ("the Group"). The Company has access to major markets for specialist milling and malting grain as well as into mills, and operates from Shrewsbury, Shropshire.

The financial performance of the business during the year ended October 2022 was considerably improved over the previous year, largely driven by increased volumes of grain traded as the Company expanded its geographic reach in the UK.

Revenue for the year amounted to £134,630,087 (2021: £76,937,689), an increase of 75% or £57,692,398. This increase not only reflected the additional volumes, but also very substantial commodity inflation, with average grain prices rising by some 33% year on year. Operating Profit increased to £1,405,650 (2021: £658,190), an increase of 114% or £747,460. However, this includes profit of £434,130 due to a one-off, non-cash accounting adjustment profit for the unusual movement in the price of wheat contracts on the London ICE Futures market on 31 October accelerate the accounting recognition of certain derivative gains. This unusual price movement had been caused by the Russian Government's announcement over the previous weekend that they would withdraw from the Ukraine grain export agreement, a decision that was reversed within 72 hours and which effectively extinguished the gains recorded on the 31 October 2022. In accordance with International Financial Reporting Standard 9, the respective derivative contracts are required to be valued in accordance with the appropriate market price as at the financial year end. As a result, the conflict in the Ukraine continues to add uncertainty in the forthcoming results.

Primarily as a result of the commodity inflation, Working Capital utilisation in the year has increased, resulting in a decreased cash balance of £1,116,449 at the year-end (2021: £1,880,011).

KEY PERFORMANCE INDICATORS

The performance of the business is regularly monitored against Key Performance Indicators (KPI's) being that of turnover and operating profit, with the reported results of these KPI's for the year under review and the prior comparisons are detailed in the Business Review above.

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 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 organisation towards the risk is achieved by modelling behaviours 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.wynnstayplc.co.uk

ORGANISATION STRUCTURE AND SUPPLY CHAINS

The Company conducts its activities ethically and with honesty and integrity but recognises the potential for abuses to occur within extended supply chains and wishes to do all that it can to prevent modern slavery and human trafficking acts. The Board will not tolerate business relationships with organisations knowingly involved with such abuse. The Board has committed to preventing modern slavery and human trafficking acts from 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 suppliers, where through a strengthening of trading commitments, we can make clear our expectations of business behaviour.

It has been essential for the Company to maintain its services to its communities. In doing so, the Board continues to ensure that all operating procedures have incorporated sufficient health and safety standards for its workers and its premises, while ensuring that any changes to working practices continue to ensure a reduced risk of harm to health and the continued reduction of potential risk of labour exploitation.

Training

Colleagues are provided with sufficient training where appropriate, enabling them to identify risk and ensure the expectations of the procurement policy and its associated processes are understood at all levels across the Business.

Due Diligence Processes and Risk Assessment

The Board incorporates a risk assessment protocol, with appropriate investigative and auditing processes should a risk be identified, that will be conducted immediately, which is reported to the Board.

The Whistleblowing Policy encourages all workers, customers and other business partners to report any concerns related to the direct activities, or the supply chains of, the organisation. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. The organisation's whistleblowing procedure is designed to make it easy for workers to make disclosures, without fear of retaliation.

The Modern Slavery Policy and the procurement process is intended to comply with the Modern Slavery Act 2015 and incorporate a risk assessment protocol which identifies and assesses potential risk within that particular supply chain.

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 Business's own employment environment, and particularly with regard to temporary or agency staff use. The HR function continues to assess hiring practises and only approved agencies with appropriate employment due diligence processes continue to be used during the year.

Key Performance Indicators to Measure Effectiveness of Steps Being Taken

The organisation continues to review its key performance indictors and as a result, the organisation identified, and continues to identify, appropriate colleagues requiring training on modern slavery. Additionally, a system has been developed whereby the supply chain verification process is completed prior to the supplier entering the companies supply chain and, the organisation continues to evaluate all existing suppliers.

Board Approval

This statement has been approved by the Company's Board of Directors, who have assessed the current risks with regard to modern slavery and human trafficking abuse within the business and its direct supply chain is low due to the nature of its continued operations.

Grainlink Limited

Directors' Report
for the year ended 31 October 2022

FUTURE DEVELOPMENTS

The Company retains a sound financial base and has net current assets of £5,147,395 (2021: £4,233,399) and total Shareholders' funds of £5,190,883 (2021: £4,279,279).

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. The Company is part of Wynnstay Group Plc which arranges funding through a group facility, further details of which are given in the Group Annual Report which is available at: www.wynnstayplc.co.uk. The financial position of the Group and the Principal Risks and Uncertainties are also described in the Group Annual Report.

The Group has a sound financial base and forecasts that show profitable trading and sufficient cash flow and resources to meet the requirements of the business, including compliance with banking covenants and on-going liquidity. In assessing their view of the likely future financial performance of the Group, the Directors consider industry outlooks from a variety of sources, and various trading scenarios. This analysis showed that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook with regards to the war in the Ukraine, Brexit and the on-going Coronavirus outbreak.

In conclusion, the Directors have a reasonable expectation that the Group (and therefore 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.

This report was approved by the board on 23 February 2023 and signed on its behalf by:

BPRoberts

B P Roberts Director

23rd Feb 2023

Grainlink Limited

Directors' Report
for the year ended 31 October 2022

The Directors present their report and the audited financial statements for the year ended 31 October 2022.

RESULTS

The profit for the period, after taxation, amounted to £1,211,604 (2021: £529,396).

DIRECTORS

The Directors who served during the year were:

S A Dolphin
B P Roberts
G W Davies
D A T Evans

STRATEGIC REPORT

The Company has chosen in accordance with Companies Act 2003, s.414C(11) to set out in the company strategic report information required by large and medium sized companies and groups (accounts and reports) Regulation 208, Sch.7 to be contained in the Directors' Report. It has done so in respect of future developments and financial instruments.

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

The Directors have reappointing RSM UK Audit LLP to conduct the audit this year under s489 (3) of the Companies Act 2006 and they have indicated their willingness to continue in office and accordingly a resolution proposing their reappointment will be submitted to the Annual General Meeting.

DIVIDENDS

The Directors have authorised a dividend payment of £300,000 during the year (2021: £50,000).

This report was approved by the board on 23 February 2023 signed on its behalf by:

B P Roberts

B P Roberts
Director

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

Grainlink Limited

Statement of Directors' Responsibilities
for the year ended 31 October 2022

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

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

Grainlink Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAINLINK LIMITED FOR THE YEAR ENDED 31 OCTOBER 2022

Opinion

We have audited the financial statements of Grainlink Limited (the 'company') for the year ended 31 October 2022 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, performing test of details on revenue transactions either side of the balance sheet date.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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.

G Bond

Graham Bond FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
20 Chapel St
Liverpool
L3 9AG
23 February 2023

Grainlink Limited

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2022

	Note	2022 £	2021 £
REVENUE	2	**134,630,087**	76,937,689
Cost of Sales		**(131,879,895)**	(74,983,357)
GROSS PROFIT		**2,750,192**	1,954,332
Administrative expenses		**(1,344,542)**	(1,296,142)
OPERATING PROFIT	3	**1,405,650**	658,190
Interest payable and similar charges	6	**(1,416)**	(5,868)
PROFIT BEFORE TAXATION		**1,404,234**	652,322
Taxation	7	**(192,630)**	(122,926)
PROFIT FOR THE FINANCIAL YEAR		**1,211,604**	529,396

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 25 form part of these financial statements.

Grainlink Limited

BALANCE SHEET
AS AT 31 OCTOBER 2022

	Note	2022 £	2022 £	2021 £	2021 £
NON-CURRENT ASSETS					
Goodwill			-		-
Property, plant and equipment	8		**19,216**		23,524
Right of use assets	8		**21,444**		39,067
Deferred tax	14		**88,640**		1,892
			129,300		64,483
CURRENT ASSETS					
Inventories	9	**3,187,544**		3,037,102	
Trade and other receivables	10	**17,413,315**		10,683,889	
Cash at bank and in hand		**1,116,449**		1,880,011	
		21,717,308		15,601,002	
CURRENT LIABILITIES					
Trade and other payables	11	**(16,072,554)**		(11,094,582)	
Lease liabilities	12	**(11,111)**		(16,027)	
Provision	13	**(193,200)**		(193,200)	
Current tax liabilities		**(293,048)**		(63,794)	
		(16,569,913)		(11,367,603)	
NET CURRENT ASSETS			**5,147,395**		4,233,399
TOTAL ASSETS LESS CURRENT LIABILITIES			**5,276,695**		4,297,882
NON-CURRENT LIABILITIES					
Lease liabilities	12		**(6,022)**		(18,603)
Fair value of derivatives	11		**(79,790)**		-
NET ASSETS			**5,190,883**		4,279,279
CAPITAL AND RESERVES					
Called up share capital	16		**1,000,000**		1,000,000
Profit and loss account			**4,190,883**		3,279,279
SHAREHOLDERS' FUNDS			**5,190,883**		4,279,279

The financial statements were approved by the Board of Directors and authorised for issue on 23 February 2023

B P Roberts

B P Roberts
Director

The notes on pages 12-25 form part of these financial statements.

Grainlink Limited

Statement of Changes in Equity
for the year ended 31 October 2022

	Note	Share Capital £	Retained Earnings £	Total Equity £
As at 1 November 2020		1,000,000	2,799,883	3,799,883
Comprehensive income for the year:				
Profit for the year		-	529,396	529,396
Distributions to owners:				
Dividend paid	15	-	(50,000)	(50,000)
As at 31 October 2021		**1,000,000**	**3,279,279**	**4,279,279**
Comprehensive income for the year:				
Profit for the year		**-**	**1,211,604**	**1,211,604**
Distributions to owners:				
Dividend paid	15	**-**	**(300,000)**	**(300,000)**
As at 31 October 2022		**1,000,000**	**4,190,883**	**5,190,883**

The notes on pages 12-25 form part of these financial statements.

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 international accounting standards 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.

1. Accounting policies *(continued)*

1.2. Going Concern

The UK left the EU on 31 January 2020 and war has broken out in the Ukraine. The Group's operations are all located in the UK, but some does import some raw materials and goods for resale from both the EU and other jurisdictions, and the business is sensitive to currency exchange rates which have been volatile. The general absence of tariffs on food exports from the UK with the implementation of the new Trade and Co-operation Agreement with the EU had alleviated the concerns. The director's current assessment is therefore that the Group's operations will not be materially adversely impacted. At the time of authorising these Financial Statements, the Directors are satisfied that there are no material uncertainties related to the war in Ukraine or Brexit that may cast significant doubt on the Group's ability to continue as a going concern.

Since the year end the Company's performance continues to be in line with the Directors' expectations. The Company is part of Wynnstay Group Plc which arranges funding through a group facility, further details of which are given in the Group Annual Report which is available at: www.wynnstayplc.co.uk. The financial position of the Group and the Principal Risks and Uncertainties are also described in the Group Annual Report.

The Group has a sound financial base and forecasts that show profitable trading and sufficient cash flow and resources to meet the requirements of the business, including compliance with banking covenants and on-going liquidity. In assessing their view of the likely future financial performance of the Group, the Directors consider industry outlooks from a variety of sources, and various trading scenarios. This analysis showed that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In conclusion, the Directors have a reasonable expectation that the Group (and therefore 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. Revenue

Revenue is attributable to the one principal activity of the Company, being grain merchants. Revenue is income arising for the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes and discounts. Revenue is recognised when performance obligations are satisfied, and control has transferred to the customer. Although the Company does provide some services (agronomy, such as analysis of nutritional content of silage samples), the vast majority of revenue relates to sale of goods and consequently the level of judgement required to determine the transaction price or the timing of transfer of control is low. All revenue is derived from UK operations.

1.4. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any provision for impairment losses. Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets over their expected useful lives as follows:

- leasehold land and buildings over the period of the lease
- plant and machinery and office equipment 10% - 33% per annum straight line

1. Accounting policies *(continued)*

1.5. Right-of-use asset and lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period in which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

1. Accounting policies *(continued)*

1.5. Right-of-use asset and lease liabilities *(continued)*

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e., it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

1.6. Taxation

The income tax expense represents the sum of the current income tax and deferred income tax. Current income tax is based on the taxable profits for the year. Taxable profit differs from the profit as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. No material uncertain tax positions exist as at 31 October 2022.
Deferred tax assets have been recognised in respect of temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered. Deferred tax liabilities have been recognised in respect of accelerated capital allowances.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021: 19%), the rate which is expected to be effective when the temporary differences reverse.

1.7. Employee benefits

The Company operates a defined contribution pension scheme. Contributions to this scheme are charged to the Statement of Comprehensive Income as they are incurred, in accordance with the rules of the scheme.

1.8. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Where appropriate, cost is calculated on a specific identification basis. Otherwise inventories are valued using the first-in-first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

1. Accounting policies *(continued)*

1.9. 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.

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 ne, 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.

Trade payables

Trade and other payables are recognised at fair value are recognised at fair value, less any impairment losses.

Derivative financial instruments and hedging

The Company uses derivative financial instruments to hedge its exposure to foreign exchange, and commodity risks arising from day to day activities. The Company does not hold or issue derivative financial instruments for trading purposes, however, if derivatives do not qualify for hedge accounting, they are accounted for as such.

Derivative financial instruments are recognised and stated at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on re-measurement are immediately recognised in cost of sales. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged. In order to qualify for hedge accounting, the Company is required to document from inception the relationship between the item being hedged and the hedging instrument. Furthermore, to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument. Derivative financial instruments with maturity dates of more than one year from the balance sheet date are disclosed as non-current.

Fair value hedging

Derivative financial instruments are classified as fair value hedges when they hedge the Company's exposure to changes in the fair value of a recognised asset or liability. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in cost of sales together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

1. Accounting policies *(continued)*

1.10. Estimates and assumptions

Incremental borrowing rate

IFRS 16 has been followed to determine the incremental borrowing rate used to measure lease liabilities and has been calculated as 2.68% (2021: 2.68%).

Provision for slow moving inventory

Inventories represent purchases of grain held for trading in the normal course of business. The Directors do not consider the net realisable value to be impaired and therefore there is no provision for slow moving inventory.

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, see note 12.

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).

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.

1. Accounting policies *(continued)*

1.11. Change in accounting policies

- New and amended standards and Interpretations issued by the IASB that apply for the first time have not materially impacted on current year's financial statements, similarly any that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.
- New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. Their adoption for the first time will not materially impact on the financial statements as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

2. Revenue

Revenue is attributable to the one principle activity of the Company, being grain merchants. All revenue arose within the United Kingdom.

3. Operating Profit

This is stated after charging/(crediting):

	2022 £	2021 £
Fair value changes on derivative financial instruments	**(627,490)**	23,105
Auditor's remuneration	**23,292**	12,318
Deferred contribution pension cost	**49,152**	42,218
Depreciation of tangible fixed assets	**4,308**	5,605
Amortisation of leased assets	**17,623**	26,291

4. Staff Costs

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

	2022 £	2021 £
Wages and salaries	**886,561**	954,024
Social security costs	**108,299**	83,833
Pension and other costs	**49,152**	42,218
	1,044,012	1,080,075

4. Staff Costs *(continued)*

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

	2022	2021
	No.	No.
Management	1	1
Administration	20	17
	21	18

5. Directors' Remuneration

	2022	2021
	£	£
Emoluments	188,550	174,728
Pension and other costs	11,026	9,696
	199,575	184,424

During the year retirement benefits were accruing to 1 director (2021 – 1) in respect of money purchase pension schemes.

6. Finance Income & Expense

	2022	2021
	£	£
Lease liabilities interest	1,416	5,868

7. Taxation

Analysis of tax charge in the year:

	2022	2021
	£	£
Current tax:		
UK corporation tax charge on profits of the period	**265,471**	117,873
Under provision from prior years	**13,907**	-
	279,378	117,873
Deferred tax:		
Origination and reversal of timing differences	**(86,748)**	5,053
	192,630	122,926

Reconciliation of effective tax rate

	2022	2021
	£	£
Profit for the year	**1,404,234**	652,322
Profit for the year multiplied by standard rate of corporation tax in the UK of 19.0% (2021: 19.0%)	**266,805**	123,941
Effect of tax rate:		
Expenses not deductible for tax purposes	**-**	(1,015)
Accelerated capital allowances	**(88,082)**	-
Adjustment to tax charge in respect of prior years	**13,907**	-
Total tax expense	**192,630**	122,926

Grainlink Limited

Notes forming part of the Financial Statements
for the year ended 31 October 2022

8. Tangible Fixed Assets

	Fixtures and Fittings £	Right of use Assets £	Total £
Cost:			
At 1 November 2021	108,865	136,152	245,017
At 31 October 2022	**108,865**	**136,152**	**245,017**
Depreciation:			
At 1 November 2021	85,341	97,085	182,426
Charge for the year	**4,308**	**17,623**	**21,931**
At 31 October 2022	**89,649**	**114,708**	**204,357**
Net Book Value:			
At 31 October 2021	23,524	39,067	62,591
At 31 October 2022	**19,216**	**21,444**	**40,660**

9. Inventories

	2022 £	2021 £
Finished goods and goods for resale	**3,187,544**	3,037,102
Inventories recognised in cost of sales in the year was	**131,879,895**	74,983,357

10. Trade and Other Receivables

	2022 £	2021 £
Trade debtors	**15,880,485**	9,672,523
Amounts owed by group undertakings	**938,437**	902,818
Prepayments and accrued income	**19,174**	49,467
Fair value of derivatives	**513,920**	-
Other debtors	**61,299**	59,081
	17,413,315	10,683,889

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 and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Company's historical credit losses experience over the three year period prior to the period year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the kay macroeconomic factors in the UK. Trade receivables are stated after a provision for impairment of £nil (2021: £30).

11. Trade and Other Payables

	2022 £	2021 £
Current:		
Trade creditors	**14,992,273**	10,413,596
Amounts due to group undertakings	**611,780**	151,417
Accruals and deferred income	**420,998**	293,015
Fair value of derivatives	-	193,360
Other creditors	**47,503**	43,194
	16,072,554	11,094,582
Non-Current:		
Fair value of derivatives	**79,790**	-

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

Grainlink Limited

Notes forming part of the Financial Statements
for the year ended 31 October 2022

12. Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

Nature of leasing activities (in the capacity as lessee)

The Company leases vehicles. The table below show the number of leases at 31 October 2022.

	Number of contracts		Fixed payment %	
	2022	2021	**2022**	2021
Vehicle leases	**2**	2	**100%**	100%

	Vehicle leases £
Lease liabilities	
As at 1 November 2020	28,138
Additions	25,601
Interest Expense	5,868
Repayments	(24,977)
At 1 November 2021	34,630
Interest Expense	**1,416**
Repayments	**(18,913)**
At 31 October 2021	**17,133**

Lease liabilities aging:	Within 1 year £	2-5 years £	Over 5 years £
At 31 October 2021	16,027	18,603	-
At 31 October 2022	**11,111**	**6,022**	**-**

The gross amount of lease liability including interest was £20,419 (2021: £40,243).

13. Provisions

	£
Movement	
At 1 November 2020	-
Provision during the year	193,200
At 1 November 2021	193,200
Provision during the year	**173,991**
Provision utilised in the year	**(140,391)**
Provision released in the year	**(33,600)**
At 31 October 2022	**193,200**

	2022 £	2021 £
Current	**193,200**	193,200

Provisions are made for the outcome of potential legal disputes, where it is both probable that the Company will suffer an outflow of funds and it is possible to make a reliable estimate of that outflow. Where potential liability no longer exists, the provision is released. The nature of the potential legal disputes all relate to the classification of certain types of grain where achieved prices have been lower than initial expectations.

14. Deferred Tax

The movement in the deferred taxation provision during the year was:

	£
At 1 November 2020	6,945
Profit and loss account movement during the year	(5,053)
At 1 November 2021	1,892
Profit and loss account movement during the year	**86,748**
At 31 October 2022	**88,640**

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2022 £	2021 £
Excess of taxation allowances over depreciation	**88,640**	1,892

15. Dividend

The aggregate amount of dividends comprise:

	2022	2021
	£	£
Ordinary dividends declared and paid in the year	**300,000**	50,000

16. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	**1,000,000**	1,000,000

17. Related Party Transactions

Directors' renumeration is disclosed within note 6.

During the year the Company entered into the following transactions with Simply Bulk Ltd, a Company whose directors include Stuart Dolphin:

	Transactions		Balance Outstanding	
	2022	2021	**2022**	2021
	£	£	£	£
Sales	**5,068**	-	-	-
Purchases	**493,808**	261,103	**73,653**	24,024

18. 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

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.