

Company Registration No. 00713606 (England and Wales)

AGRICULTURAL CENTRAL TRADING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020

AGRICULTURAL CENTRAL TRADING LIMITED

COMPANY INFORMATION

Directors	J Hamilton G Brown (Chairman) M Corfield I Davey A Beaty S Dutton M Nicklin H Fellows
Secretary	G Foster
Company number	00713606
Registered office	90 The Broadway Chesham Buckinghamshire HP5 1EG
Auditor	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD

AGRICULTURAL CENTRAL TRADING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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

Fair review of the business

The turnover of the company for the year amounted to £101.7m (2019 - £115.9m). This resulted in a profit before tax and members' bonus of £712,805 (2019 - £1,071,174) from which is deducted a bonus of £448,091 (2019 - £636,705) paid to members.

The company's main objective is to benefit its members. This is measured through the key performance indicators set out below. These indicators show the company continues to deliver significant benefits to its members.

	2020	2019
Members' trading bonus	£6.00 per £1,000 of purchases	£7.50 per £1,000 of purchases
Total members' trading bonus	£448,091	£636,705
Number of active members*	3,495	3,551

*Defined as members that have traded within the financial year.

The bonus paid to members for the year to 30 June 2020 was calculated at a rate of £6.00 (2019 - £7.50) per £1,000 of their purchases from the company during the financial year plus 3% (2019 - 3%) p.a. interest on their shareholding at 30 June 2020, with a minimum payment of £25 (2019 - £25). A small number of members owning less than 40 (2019 - 40) shares received a reduced rate of bonus. Accounting convention requires that the two elements of bonus (trading and interest) be treated separately in the statement of comprehensive income.

The profit before taxation of £264,714 (2019 - £434,469) showing in the statement of comprehensive income is after the trading element of the bonus. The gross profit of £5,697,991 (2019 - £5,854,825) was 5.60% of revenue (2019 - 5.05%).

At 30 June 2020 total equity increased to £14.6m (2019 - £14.4m). The value of stock at 30 June 2020 was £1,229,930 (2019 - £1,199,673). The total value of debtors over 60 days old and with an account value of more than £2,000 at 30 June 2020 was £0.8m (2019 - £1.2m).

During the year Helen Fellows retired as Financial Controller and Company Secretary. Glenn Foster was appointed as successor to both roles. Helen Fellows was appointed as non-executive director with effect from 1 January 2020 following the retirement of John Rowlands after 15 years of service to the company as non-executive director and chair. The Finance function moved from the Head Office in Chesham, Buckinghamshire to the existing office in Shrewsbury, Shropshire.

The main activities of the company continue to be related to the timely supply of competitively priced inputs to farmers. The principal inputs are animal feeds and fertiliser as well as other items used by livestock and cereal farmers.

From the start of the UK nationwide lockdown on 23rd March 2020, Agricultural Central Trading Limited has tried to operate a 'business as usual' approach to look to ensure its members continue to receive inputs without disruption as best as possible. The business followed all government guidance, as food production fell into the key worker category. Staff health and safety is and was a priority, with some roles continuing to be office based, whilst where possible the remainder worked from home utilising our remote IT infrastructure. The pandemic had a minimal impact on the operations of the company as employees worked from home, although when travel was restricted there was slight lengthening of delivery times for some products. The directors do not consider that the restrictions have had a materially adverse effect on the company's results for the year. The company continued to work closely with its suppliers and customers to ensure input sales to its customers were maintained and the investment in IT infrastructure in recent years resulted in minimal disruption to sales support and Head Office functions.

AGRICULTURAL CENTRAL TRADING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Strategic objectives

The strategic objectives of the company are:

- to provide competitively priced inputs and agricultural advice to its customers;
- to trade profitably in order to return value to its members;
- to invest profits to ensure a continuing future for the company and its members;
- to operate in a sustainable manner, complying with all environmental and community standards to ensure the long term future for the markets in which the company operates.

In furtherance of this strategy during the year the company:

- optimised its investment in inventory through partnerships with its suppliers who deliver bespoke and standard products direct to the customer;
- maintained close relationships with key suppliers and used resources to ensure any adverse impact of products sold on the environment is minimised or mitigated;
- used its resources to offer credit to selected customers in order to maintain and grow the business;
- maintained close relationships with customers in order to meet their changing input demands and ensure their ongoing viability;
- continued to train and develop its employees to meet the needs of the business, maintain close relationships with suppliers and meet the regulatory regime within the agricultural sector; and
- started the process to dispose of its remaining freehold assets as these do not form part of the ongoing strategy of the company.

The external environment

Fluctuating fuel and cereal costs have impacted the prices of some goods supplied by the company and the timing of customers' buying decisions. The company reduces its risk from fluctuating prices by holding minimal unsold stock lines. In the year the company continued to consolidate its position by maintaining its share of the markets in which it operates.

Uncertainty relating to the impact of the UK's exit from the European Union on sterling, subsidies to farmers and the level of trade outside the UK is continuously considered by the directors of the company to ensure the company continues to meet its strategic objectives.

Principal risks and uncertainties

- Credit risk: Management has credit control policies in place to monitor risk on an ongoing basis. Credit evaluations are performed on customers requiring credit.
- Interest rate risk: The company has variable rate working capital facilities and deposit accounts which are exposed to changes in interest rates.
- Market risk: Market risk is constantly monitored through the monitoring of industry data and our positioning in relation to our competitors. As detailed above, risk from market fluctuations in price is reduced by low stock holding levels and selected purchases of consignment stock.
- Liquidity risk: The company monitors its liquidity to ensure it can meet its liabilities as they fall due. This includes ensuring banking lines are available to fund working capital requirements.

AGRICULTURAL CENTRAL TRADING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

S172(1) statement

The Board of Directors, in accordance with their duties in law, act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members whilst having regard to the specific matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

Specific Matters Section 172

(a) At every Board meeting the directors consider the likely consequences of any decision in the long term; each year the level of trading bonus payable is set bearing in mind the need to retain funds to invest in the people and assets of the business for the future viability of the company. The decision to relocate the Finance function during 2019/20 reflected the need to ensure robust succession planning and development as with relatively small tangible assets there is a recognition that company employees are key to the company's ongoing and long-term success.

(b) The interests of the company's employees were considered in the continuing investment in training and development for all with needs established through a well-established appraisal system.

(c) The need to foster business relationships with suppliers is recognised and reflected in the long and close relationships the company has with its major suppliers, the continual development of products specific to ACT and suppliers' continued recognition of the company's success in delivering their products to market. The company's relationship with its customers is close; over 70% of turnover arises from members who therefore have an interest in the company's continued sustainability.

(d) The impact of the existence of the company owned by its customers on the community is tangible as it allows smaller customers to harness the purchasing power of the business and so retains vital activity in rural areas. The impact of the company's operations on the environment is mitigated through payment of duties, taxes and levies as required by the regulatory authorities.

(e) The directors ensure the maintenance of high standards of business conduct through ongoing training and professional development programmes for employees together with membership of relevant industry bodies governing the sale of agricultural inputs.

(f) The directors demonstrate fairness in their treatment of members by following the rules laid out in the Articles of Association, specifically in relation to payment of the trading bonus which relates to members' purchases from the company.

By order of the board

G Foster

Secretary

22 October 2020

AGRICULTURAL CENTRAL TRADING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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

Principal activities

The principal activity of the company is the supply of requisites to farmers, growers and wholesalers. The directors are satisfied with the results for the year.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Rowlands (Chairman)	(Resigned 30 November 2019)
J Hamilton	
G Brown (Chairman)	
M Corfield	
I Davey	
A Beaty	
S Dutton	
M Nicklin	
H Fellows	(Appointed 1 January 2020)

Results and dividends

The results for the year are set out on page 9. Particulars of the members' bonus - interest on shares proposed - are detailed in note 13 to the financial statements.

Directors' insurance

The company maintains insurance in respect of its directors, officers and senior management.

Future developments

The directors aim to ensure that the company will continue to react to prevailing market conditions and aim to improve sales and profitability in the forthcoming year.

Auditor

A resolution to reappoint RSM UK Audit LLP as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) regulations 2013 the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been set out in the company's strategic report. This includes information that would have been included in the business review and the principal risks and uncertainties.

AGRICULTURAL CENTRAL TRADING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Energy and carbon statement

2020

Energy consumption used to calculate emissions (gas, electricity, transport and other energy sources) (kWh)	1,136,063
Emissions from combustion of gas (tonnes of CO2 emitted)	4
Emissions from combustion of fuel for transport purposes (tonnes of CO2 emitted)	239
Emissions from purchased electricity (tonnes of CO2 emitted)	43
	286
Tonnes of CO2 emitted per £1m turnover	2.81

Methodology used to calculate energy consumed and CO2 emissions:

- **Gas:** We have recorded the kWh which are supplied on our gas bills using a conversion factor to CO2 sourced from Carbon Trust
- **Transport:** We have used information from our single supplier of fuel for motor vehicles during the financial year. We have estimated each litre of motor fuel to be 10kWh of energy and CO2 emissions of 2.62kg per litre of diesel and 2.39kg per litre of petrol.
- **Electricity:** We have recorded the kWh which are supplied on our electricity bills using a conversion factor to CO2 sourced from Carbon Trust.

Energy efficiency measures taken during the year:

The company currently relies on around 60% of the workforce working from home and visiting customers at their premises in order to conduct business. Since March 2020 we have engaged in a new way of working with our customers, increasing the reliance on telephone and IT using video calling. The company will continue to encourage this form of working as much as possible to decrease our reliance on motor fuel.

During the year we have reduced the number of vehicles operated by the company. We will continue to encourage employees to consider the lowest carbon producing vehicle available that is suitable for their needs.

The company has reduced the staff presence in one of its offices, reducing the need for energy use at this location. We intend to continue the policy at this location over the next 12 months, expecting this to result in negligible energy use at this location by the company's next year end.

By order of the board

G Foster
Secretary

22 October 2020

AGRICULTURAL CENTRAL TRADING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Agricultural Central Trading Limited website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGRICULTURAL CENTRAL TRADING LIMITED

Opinion

We have audited the financial statements of Agricultural Central Trading Limited (the 'company') for the year ended 30 June 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGRICULTURAL CENTRAL TRADING LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the 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.

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.

Thomas Morgan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD
23 October 2020

AGRICULTURAL CENTRAL TRADING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	2019 £
Turnover	3	101,723,230	115,852,296
Cost of sales		(96,025,239)	(109,997,471)
Gross profit		5,697,991	5,854,825
Administrative expenses		(5,638,368)	(5,731,399)
Operating profit	5	59,623	123,426
Interest receivable and similar income	9	234,528	298,007
Interest payable and similar expenses	10	(29,437)	(36,964)
Other gains and losses	11	-	50,000
Profit before taxation		264,714	434,469
Tax on profit	12	(52,255)	(86,718)
Profit for the financial year		212,459	347,751

The income statement has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the income statement.

AGRICULTURAL CENTRAL TRADING LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	14		31,439		62,879
Other intangible assets	14		172,671		193,665
Total intangible assets			204,110		256,544
Tangible assets	15		640,931		726,788
Investment properties	16		450,000		450,000
Investments	17		100		100
			1,295,141		1,433,432
Current assets					
Stocks	18	1,155,746		1,199,673	
Debtors	19	24,118,086		29,210,439	
Cash at bank and in hand		696,390		363,918	
			25,970,222		30,774,030
Creditors: amounts falling due within one year	20	(12,628,061)		(17,782,654)	
Net current assets			13,342,161		12,991,376
Total assets less current liabilities			14,637,302		14,424,808
Provisions for liabilities	21		-		(1,031)
Net assets			14,637,302		14,423,777
Capital and reserves					
Called up share capital	23	1,225,007		1,213,344	
Share premium account	24	440,348		424,377	
Revaluation reserve	24	327,866		327,866	
Profit and loss reserves	24	12,644,081		12,458,190	
Total equity			14,637,302		14,423,777

The financial statements were approved by the board of directors and authorised for issue on 22 October 2020 and are signed on its behalf by:

G Brown (Chairman)
Director

AGRICULTURAL CENTRAL TRADING LIMITED

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

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2018		1,212,685	423,495	277,866	12,187,097	14,101,143
Year ended 30 June 2019:						
Profit and total comprehensive income for the year		-	-	-	347,751	347,751
Issue of share capital	23	659	882	-	-	1,541
Members' bonus - interest on shares		-	-	-	(26,658)	(26,658)
Transfers		-	-	50,000	(50,000)	-
Balance at 30 June 2019		1,213,344	424,377	327,866	12,458,190	14,423,777
Year ended 30 June 2020:						
Profit and total comprehensive income for the year		-	-	-	212,459	212,459
Issue of share capital	23	11,663	15,971	-	-	27,634
Members' bonus - interest on shares		-	-	-	(26,568)	(26,568)
Balance at 30 June 2020		1,225,007	440,348	327,866	12,644,081	14,637,302

AGRICULTURAL CENTRAL TRADING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	25	3,123,437		(1,644,344)	
Interest paid		(29,437)		(36,964)	
Income taxes paid		(92,765)		(77,042)	
Net cash inflow/(outflow) from operating activities		3,001,235		(1,758,350)	
Investing activities					
Purchase of tangible fixed assets		(255,459)		(323,099)	
Proceeds on disposal of tangible fixed assets		72,995		99,150	
Interest received		84,117		150,819	
Net cash used in investing activities		(98,347)		(73,130)	
Financing activities					
Proceeds from issue of shares		27,634		1,541	
Members' bonus - interest on shares paid		(26,658)		(26,269)	
Net cash generated from/(used in) financing activities		976		(24,728)	
Net increase/(decrease) in cash and cash equivalents		2,903,864		(1,856,208)	
Cash and cash equivalents at beginning of year		(2,207,474)		(351,266)	
Cash and cash equivalents at end of year		696,390		(2,207,474)	
Relating to:					
Cash at bank and in hand		696,390		363,918	
Bank overdrafts included in creditors payable within one year		-		(2,571,392)	

AGRICULTURAL CENTRAL TRADING LIMITED

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

1 Accounting policies

Company information

Agricultural Central Trading Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 90 The Broadway, Chesham, Buckinghamshire, HP5 1EG.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

The company has not prepared consolidated financial statements because, in the opinion of the directors, the inclusion of its only subsidiary is not material for the purposes of giving a true and fair view in the context of the group. The subsidiary is not trading, and its trade, assets and liabilities have all been hived up into the company. The financial statements present information about the company as an individual entity and not about its group.

Going concern

The directors have prepared detailed cash flow projections and trading forecasts for the period to November 2021, which indicate that the company is able to continue to operate within its borrowing and terms of the facility comprising of a £5m overdraft facility which has been renewed during the year. The directors maintain a good working relationship with the company's bankers and expect the next renewal to routine based on previous experience.

From the start of the UK nationwide lockdown on 23rd March 2020, the company has looked to operate a 'business as usual' approach, following all government guidance, as food production fell into the key worker category. The investment in IT infrastructure in recent years resulted in minimal disruption to sales support and Head Office functions.

The company has reported net current assets of £13.3m (2019: £13.0m), providing a strong balance sheet at the year end. Payments to our suppliers has been the high priority to maintain, on normal terms of trade, and this has helped our suppliers to feel no negative financial impact on cashflows. The business has continually assessed its cash position throughout the crisis and there has been sufficient headroom with more than £3m headroom throughout the crisis period. The business funding is via an overdraft facility with Barclays, and additional to these facilities, the company has stock lines to the value of £1.2 million that could be sold in short order, should the company need to realise cash, although this is deemed unlikely. The company also maintains a large sale ledger book under normal trading terms, which would unwind and generate cash inflows should the company see a reduction in sales levels.

The company is more likely to be affected by increase in sales values either from increased volumes, commodity prices (or both) which require additional net working capital. The directors have prepared forecasts on reasonable expectations of both in assessing the working capital needs of the company and conclude they are sufficient, but acknowledge that both volumes and prices are influenced by external factors such as weather and market pricing of underlying commodities.

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies (Continued)

Going concern (continued)

The expectation jointly of the board is that the current banking facilities are sufficient and will continue to be available to the business for the remainder of the current financial year and through to the end of 2021. Based on previous experience and indications from the bank the facilities are expected to be renewed at the annual review in March 2021. Commitment by the bank beyond that point is expected but will not be guaranteed until renewal.

Taking the above matters into consideration, the board continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business and is shown net of Value Added Tax.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Intangible fixed assets - goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over five years as in the opinion of the directors this represents the period over which the goodwill is effective. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	10% to 33% straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings freehold land	Not depreciated
Land and buildings leasehold improvements	Over the period of the lease
Plant and machinery	10% to 33% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies (Continued)

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as at the reporting date. The surplus or deficit on revaluation is recognised in the income statement.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Allowances are made for obsolete and slow moving items.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. The members' bonus (interest on shares element) payable on equity instruments is recognised in liabilities once it is no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously. Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

2 Judgements and key sources of estimation uncertainty

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

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

Useful economic lives of intangible assets

The annual amortisation charge is sensitive to any changes in the estimated useful life and residual values of the intangible assets. The useful economic lives and residual value is assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives or residual life. Criteria used to assess the economic life and residual value includes technological advancement, economic utilisation condition of the asset and future investments.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Goods supplied	101,723,230	115,852,296
	<u>101,723,230</u>	<u>115,852,296</u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	101,723,230	115,852,296
	<u>101,723,230</u>	<u>115,852,296</u>

4 Members' bonus - trading element

Cost of sales includes £448,091 (2019 - £636,705) in respect of the trading element of the members' bonus.

5 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	306,331	308,033
Profit on disposal of tangible fixed assets	(38,010)	(18,384)
Amortisation of intangible assets	52,434	60,024
Trade debtors provision	24,000	24,000
Repairs to investment property	-	125,810
Operating lease charges	109,752	113,294
	<u>306,331</u>	<u>308,033</u>

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Number of administrative staff	100	97

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,579,336	3,567,482
Social security costs	436,879	405,302
Pension costs	222,254	210,561
	<u>4,238,469</u>	<u>4,183,345</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	338,520	245,020
Company pension contributions to defined contribution schemes	16,214	10,642
	<u>354,734</u>	<u>255,662</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	167,072	166,008
Company pension contributions to defined contribution schemes	10,431	10,431

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

8 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	37,100	35,250
For other services		
Taxation compliance services	4,775	4,600
All other non-audit services	4,450	4,250
	9,225	8,850

9 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	983	583
Interest income on deferred trade debtors	150,411	237,223
Interest on overdue debtors	83,134	60,201
	234,528	298,007

Interest income on deferred trade debtors is finance income calculated using the effective interest method from sales on deferred terms.

10 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	29,437	36,964

11 Other gains and losses

	2020 £	2019 £
Increase in fair value of investment property	-	50,000

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

12 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	61,402	92,660
Adjustments in respect of prior periods	105	-
	<u>61,507</u>	<u>92,660</u>
Total current tax	61,507	92,660
Deferred tax		
Origination and reversal of timing differences	(9,682)	(5,942)
Adjustment in respect of prior periods	430	-
	<u>(9,252)</u>	<u>(5,942)</u>
Total deferred tax	(9,252)	(5,942)
	<u>52,255</u>	<u>86,718</u>
Total tax charge	52,255	86,718

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	264,714	434,469
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	50,296	82,549
Tax effect of expenses that are not deductible in determining taxable profit	2,921	3,148
Tax effect of income not taxable in determining taxable profit	(9,354)	(15,151)
Gains not taxable	-	9,500
Adjustments in respect of prior years	105	-
Deferred tax adjustments in respect of prior years	430	-
Adjust deferred tax to reconciliation rate	172	698
Other tax adjustments, reliefs and transfers	1,711	-
Fixed asset permanent differences	5,974	5,974
	<u>52,255</u>	<u>86,718</u>
Taxation charge for the year	52,255	86,718

13 Members' bonus interest on shares

Members' bonus - interest on shares proposed as at 30 June 2020 is £26,568 (2019 - £26,658).

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

14 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 July 2019 and 30 June 2020	514,898	286,334	801,232
Amortisation and impairment			
At 1 July 2019	452,019	92,669	544,688
Amortisation charged for the year	31,440	20,994	52,434
At 30 June 2020	483,459	113,663	597,122
Carrying amount			
At 30 June 2020	31,439	172,671	204,110
At 30 June 2019	62,879	193,665	256,544

In the statement of comprehensive income, amortisation is reflected wholly within administrative expenses.

15 Tangible fixed assets

	Land and buildings freehold land £	Land and buildings leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 July 2019	7,676	282,670	848,168	1,086,340	2,224,854
Additions	-	6,672	40,502	208,285	255,459
Disposals	-	-	-	(233,923)	(233,923)
At 30 June 2020	7,676	289,342	888,670	1,060,702	2,246,390
Depreciation and impairment					
At 1 July 2019	-	264,634	646,812	586,620	1,498,066
Depreciation charged in the year	-	5,045	59,386	241,900	306,331
Eliminated in respect of disposals	-	-	-	(198,938)	(198,938)
At 30 June 2020	-	269,679	706,198	629,582	1,605,459
Carrying amount					
At 30 June 2020	7,676	19,663	182,472	431,120	640,931
At 30 June 2019	7,676	18,036	201,356	499,720	726,788

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

16 Investment property

2020
£

Fair value

At 1 July 2019 and 30 June 2020

450,000

The investment property was valued on 25 June 2019 by Lambert Smith Hampton. The valuation is based on open market value and was prepared in accordance with RICS Valuation - Global Standards July 2017. The historical cost of the property is £172,631 (2019 - £172,631).

17 Fixed asset investments

2020
£

2019
£

Investments in subsidiaries

100

100

Shares in group undertakings reflect the company's interest in the entire issued ordinary share capital of Wessex Animal Health Limited, a company incorporated in the United Kingdom and registered in England and Wales. The registered office of Wessex Animal Health Limited is 90 The Broadway, Chesham, Buckinghamshire, HP5 1 EG.

The principal activity of Wessex Animal Health Limited was formerly that of an agricultural merchant, but the company's trade, assets and liabilities were hived up into Agricultural Central Trading Limited on 1 July 2016 and the entity no longer trades.

The aggregate capital and reserves of Wessex Animal Health Limited at 30 June 2020 were £100 (2019 - £100) and its result for the year then ended was £nil.

Movements in fixed asset investments

Shares in
group
undertakings
£

Cost or valuation

At 1 July 2019 & 30 June 2020

100

Carrying amount

At 30 June 2020

100

At 30 June 2019

100

18 Stocks

2020
£

2019
£

Finished goods and goods for resale

1,155,746

1,199,673

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

19 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	23,984,868	29,067,830
Other debtors	4,395	9,183
Prepayments and accrued income	120,602	133,426
	<u>24,109,865</u>	<u>29,210,439</u>
Deferred tax asset (note 21)	8,221	-
	<u>24,118,086</u>	<u>29,210,439</u>

20 Creditors: amounts falling due within one year

	2020 £	2019 £
Bank overdraft	-	2,571,392
Trade creditors	11,159,905	13,526,562
Amounts due to group undertakings	100	100
Corporation tax	61,402	92,660
Other taxation and social security	303,021	224,896
Members' bonus - interest	26,568	26,658
Members' bonus - trading	445,814	636,705
Accruals and deferred income	631,251	703,681
	<u>12,628,061</u>	<u>17,782,654</u>

The bank overdraft is secured by a debenture giving a fixed and floating charge over the company and all its property and assets, whether present or future.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Balances:				
Fixed asset timing differences	-	(21,611)	34,126	-
Investment property gains	-	23,374	(26,125)	-
Short-term timing differences	-	(732)	220	-
	<u>-</u>	<u>1,031</u>	<u>8,221</u>	<u>-</u>

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

21 Deferred taxation (Continued)

	2020 £
Movements in the year:	
Liability at 1 July 2019	1,031
Credit to profit or loss	(9,252)
	<hr/>
Liability/(Asset) at 30 June 2020	(8,221)
	<hr/>

The deferred tax assets and liabilities relating to fixed asset and short-term timing differences set out above are expected substantially to reverse within the next twelve months. The liability relating to investment property gains will reverse only if the value of the property declines or the property is sold.

22 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	222,254	210,561
	<hr/>	<hr/>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The amounts included in the statement of financial position arising from the company's obligations in respect of defined contribution plans are £1,014 (2019 - £4,163).

23 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
1,225,007 (2019 - 1,213,344) Ordinary shares of £1 each	1,225,007	1,213,344
	<hr/>	<hr/>
	1,225,007	1,213,344
	<hr/>	<hr/>

The company has one class of ordinary shares with no right to fixed income.

During the year, 11,663 ordinary shares were issued at £2.35/£2.50 per share (2019 - 659 ordinary shares were issued at £2.20/£2.35 per share). The total consideration received was £27,634 (2019 - £1,541).

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

24 Reserves

Profit and loss reserves

The profit and loss reserves reflect cumulative profit and losses net of distributions to members.

Share premium

Share premium reflects consideration for shares issued above their nominal value net of transaction costs.

Revaluation reserve

The revaluation reserve reflects cumulative revaluation gains and losses in respect of land and buildings.

25 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	212,459	347,751
Adjustments for:		
Taxation charged	52,255	86,718
Finance costs	29,437	36,964
Interest receivable	(84,117)	(150,819)
Gain on disposal of tangible fixed assets	(38,010)	(18,384)
Amortisation and impairment of intangible assets	52,434	60,024
Depreciation and impairment of tangible fixed assets	306,331	308,033
Other gains and losses	-	(50,000)
Movements in working capital:		
Decrease in stocks	43,927	21,288
Decrease/(increase) in debtors	5,100,574	(2,467,599)
(Decrease)/increase in creditors	(2,551,853)	181,680
Cash generated from/(absorbed by) operations	3,123,437	(1,644,344)

26 Analysis of changes in net funds/(debt)

	1 July 2019 £	Cash flows £	30 June 2020 £
Cash at bank and in hand	363,918	332,472	696,390
Bank overdrafts	(2,571,392)	2,571,392	-
	<u>(2,207,474)</u>	<u>2,903,864</u>	<u>696,390</u>

AGRICULTURAL CENTRAL TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

27 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	89,800	91,008
Between one and five years	146,142	225,692
In over five years	-	10,250
	<u>235,942</u>	<u>326,950</u>

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>647,701</u>	<u>657,950</u>

29 Directors' transactions

No director had any contract with the company other than a) a director's service contract or b) for the purchase of requisites under terms identical to other customers.

The directors' aggregate purchases from Agricultural Central Trading Limited during the year totalled £802,246 (2019 - £705,002) excluding VAT. At the year end, the directors' aggregate balance outstanding to the company amounted to £248,740 (2019 - £197,065).

There were no other material transactions with related parties.

30 Co-operative status

The company continues to satisfy requirements of the Department for Environment, Food and Rural Affairs regarding the volume of sales to members.