

Society Number: 20341R

UNITED OILSEED PRODUCERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

UNITED OILSEED PRODUCERS LIMITED

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UNITED OILSEED PRODUCERS LIMITED

SOCIETY INFORMATION

Directors	T Stuart (Chairman) A T Cragg R Hall B J Jackson C S McGregor R Sullivan
Secretary	H Casey
Society number	20341R
Registered office	St James House Gains Lane Devizes Wiltshire SN10 1FB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR
Bankers	HSBC plc 45 Market Place Devizes Wiltshire SN10 1HZ

UNITED OILSEED PRODUCERS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present the Strategic Report of United Oilseeds Producers Limited (the 'Group') for the year ended 30th June 2020.

Review of the business

The surplus for the financial year amounted to £526,157 (2019: £1,223,808). Total shareholders' funds at 30 June 2020 were £11,907,247 (2019: £11,366,651).

The directors are pleased with the performance of the business and believe that it is well placed to take advantage of the future business opportunities.

The posting of the surplus of £526,157, is a significant achievement in what has been another challenging year with growers having to deal with very wet conditions at planting and the continued problem with flea beetle which made crop establishment difficult. This was further exacerbated by a shortage of rain in the spring which affected the yield.

We saw 530,000 hectares planted in Autumn 2019, of which only 360,000 hectares was harvested. In addition to this, yield was low at an average of 2.8 tonnes/hectare compared to the normal yield of 3.5tonnes/hectare. This led to a significant fall in the tonnage of oilseed rape ("OSR") traded, falling from 499,215 tonnes in FY19 to 393,812 tonnes in FY20.

Despite the above economic and agronomic challenges, the Group was able to report:-

- A strong trading performance with trading margin across all commodities of £3,700,504. Other commodities performed well, with the volume of contracted Oats again up on prior years.
- Cash: as at 30 June 2020 the Group had cash at bank of £6,671,538.
- This year saw the launch of two new varieties of oilseed rape seed, Aurelia and Acacia, both of which United Oilseeds had exclusivity on. Both varieties performed well, with Aurelia being top of the hybrid variety list and securing 11.25% market share, and the conventional variety , Acacia, securing 6.7% of the total certified seed market. This helped to significantly increase United Oilseeds marketing share of the Oilseed rape seed market from 22% to 30%.
- Although United Oilseeds' market share of the 'healthy' rapeseed – high oleic, low linolenic (HOLL) has continued to increase in the year, now standing at 64% of the market, the area planted in autumn 2019 fell by 62% from 2018.

Key performance indicators

Oilseed rape sales volumes decreased to 393,812 metric tonnes (2019: 499,215 MT).

The directors monitor the profitability of the business. The measure used is surplus before tax, which was £614,303 (2019: £1,527,608) for the year.

The directors are of the opinion that further analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

UNITED OILSEED PRODUCERS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Principal risks and uncertainties

The coming year will be challenging due to the increased volatility in the oilseed rape prices because of the pressures in the market place and the uncertainty over Brexit.

Brexit has had and will continue to impact the business in the following areas:-

- UK crushers are reluctant to buy forward as they are unsure of the impact that Brexit is going to have on their sales of oil and meal, with the potential for tariffs to be imposed.
- Brexit can have a big impact on currency which in turn will impact the UK OSR market. In addition to the impact of Brexit, the American trade restrictions with China has had a big impact on the world soya bean market, which has a direct link to the UK oilseed rape market.

Weather conditions are also a primary risk in the agri-business industry. Oilseed rape volumes, quality and ultimately, the financial performance of the Company, are highly dependent upon weather conditions throughout the crop production cycle. In the current year, poor weather conditions and flea beetle has continued to hamper crop establishment, leading to a 20% drop in the tonnage of oilseed rape traded.

There has not been a significant impact on United Oilseeds due to Covid-19 in the year. Operationally, staff are able to work from home if required, and the directors have taken steps to ensure United Oilseeds facilities are Covid-19 secure. Financially, Covid-19 has caused significant volatility in the world markets, and commodity prices fell significantly in April 2020. Whilst these did recover in the year, there is ongoing uncertainty about the situation, and this may impact the results of United Oilseeds in the coming year. At the time of writing, due to the uncertainty of the situation, the directors are unable to quantify the impact that Covid-19 may have on United Oilseeds. However, the directors are monitoring the situation on an ongoing basis, and do not believe that Covid-19 will impact the going concern status of United Oilseeds.

Future developments

United Oilseeds market share of the 'healthy' rapeseed – high Oleic, low linolenic (HOLL) has continued to increase, however, there was a decrease of 62% of the hectares of HOLL planted in the UK over the previous year.

The Group continues to have a long term supply contract with a significant UK crusher, with large tonnages secured until 2022.

UNITED OILSEED PRODUCERS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Directors' statement of compliance with duty to promote the success of the Group

The following statement by the Directors describes how they have accounted for the matters set out in section 172 (1) of the Companies Act 2006, as part of their duty to promote the success of the Company.

The Directors acknowledge that one of the primary responsibilities of the Board is to ensure the strategy of the United Oilseeds group achieves long-term success and generates sustainable returns for its members, key to which is maintaining engagement with stakeholders, considering the long-term implications of decisions made, and acting to maintain the highest standards of conduct. This duty has been central to the activities of the Board during the year, as discussed below.

Shareholders

The Society is owned by the members, and therefore the Directors ensure that the strategy and practices of the Group are fully aligned with the interests of its members, where appropriate. The key decision in this regard is assessing the level of surplus that can be returned to members. In making this assessment, the directors ensure that sufficient reserves are left in the society to protect its long term future.

Employees

United Oilseeds is committed to providing an inclusive working environment and providing ongoing training and career development opportunities. The Board's remuneration committee meets regularly to discuss employee engagement and rewards.

Environment

The Directors recognise that the impact of climate change could be significant on United Oilseeds and its members, as yields are heavily dependant on weather conditions in the year. As such, the directors have taken steps to reduce carbon emissions of the company where possible, such as with the use of energy saving measures in the facilities and encouraging the reduction in car usage wherever possible. In the year, United Oilseeds staff produced an estimated 47.4 tonnes of carbon dioxide from car usage, based on the listed emissions of the respective vehicles. Furthermore, energy usage from the facilities totalled 59,725 kilowatt hours in the year, based on metered readings. The directors have not disclosed carbon emissions from the transport of commodity loads, as United Oilseeds does not control the vehicles used or routes taken.

Suppliers

A number of the Group's suppliers are also members of the society. The Group is committed to improving the experience of all of its suppliers and generating long-term sustainable returns for its members. Material contracts are subject to rigorous cost management and review by the Board.

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

T Stuart *Troy Stuart*
Director

Date: 02/12/2020

UNITED OILSEED PRODUCERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their annual report and the audited financial statements of United Oilseed Producers Limited (the "Society") and the audited consolidated financial statements of the United Oilseed Producers Limited and its subsidiaries (the "Group") for the year ended 30 June 2020.

Principal activity

The principal object of the Society consists of the marketing of its members' oilseed, pulses and oat crop.

The Society has an agreement with United Oilseeds Marketing Limited, a UK registered company and wholly owned subsidiary, with the effect that, members' contracts are managed and executed by United Oilseeds Marketing Limited. All oilseed and protein crop trading and accounting is carried out through United Oilseeds Marketing Limited.

Results and dividends

The surplus for the financial year amounted to £526,157 (2019: £1,223,808).

A distribution of £404,000 was declared and paid during the year relating to financial year ended 30 June 2020 (2019: £Nil). In addition, no dividends (2019: £Nil) were paid during the year relating to prior years.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

T Stuart
A T Cragg
R A Hall
T P Westgarth (resigned 30 June 2020)
B J Jackson
C S McGregor
R Sullivan (appointed 1 April 2020)

Going concern

The Group meets its day-to-day working capital requirement through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. The Society and its Group therefore continue to adopt the going concern basis in preparing its financial statements.

As set out in the strategic report, the directors have considered the impact of Covid-19 on the going concern status of the company, and at the time of writing, do not believe that it will materially impact the Group.

Directors' Indemnities

The Group maintains liability insurance for its directors and officers. Throughout the year to 30 June 2020, and also at the date of approval of the financial statements, the Group has also provided indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Charitable donations

During the financial year the Group made non-political charitable donations amounting to £525 (2019: £1,555).

UNITED OILSEED PRODUCERS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Financial risk management

The Group's operations expose it to a variety of risks that include price risk, credit risk and liquidity and cash flow risk. Given the size of the Group the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. Management implements the policies set by the Board of directors.

Price risk

The Group is exposed to price risk in its trading. Its trading employees manage this exposure through the various pool arrangements, regular monitoring of Matif prices and internal position reporting. The Group uses oilseed rape futures along with other relevant commodity futures and foreign currency forward contracts, to hedge its exposure to price risk.

Credit risk

The Group is exposed to credit risk on its debtor and cash balances. This is mitigated by relationships with long-term customers, credit control and netting arrangements with farmer customers. The Group holds a separate non distributable reserve to provide cover against the risk of any potential future bad debts.

Only banks with an appropriate credit rating are used for the Group's cash balances.

Liquidity and cash flow risk

Liquidity and cash flow risk are managed by the preparation of budgets and monthly management accounts and maintaining banking facilities with a major UK bank that are considered sufficient to meet the cash flow needs of the Group. The facilities are reviewed on an annual basis.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Co-operative and Community Benefit Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent Society financial statements in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") applicable law (United Kingdom Generally Accepted Accounting Practice). Under Co-operative and Community Benefit Society 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 Group and the Society and of the surplus or deficit of the Group and Society for that period. In preparing the 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 United Kingdom Accounting Standards, comprising FRS 102, 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 Group and the Society will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and the Group and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

UNITED OILSEED PRODUCERS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Statement of disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Society and the Group's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Society and the Group's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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

T Stuart
Director *Troy Stuart*

Date: 02/12/2020

Report on the audit of the financial statements

Opinion

In our opinion, United Oilseed Producers Limited's financial statements:

- give a true and fair view of the state of the Group's and the Society's affairs as at 30 June 2020 and of the Group's and the Society's income and expenditure and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Group's and Society's Balance Sheet as at 30 June 2020; the Group's and Society's Income and Expenditure Account, the Group's Statement of Comprehensive Income, the Group's Statement of Cash Flows, and the Group's and Society's Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 Group's and the Society'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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Society's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED OILSEED PRODUCERS LIMITED
(CONTINUED)**

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 Group's and the Society'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 Society or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Society's members as a body in accordance with Section 87 (2) and Section 98(7) of the Co-operative and Community Benefit Societies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Co-operative and Community Benefit Societies Act 2014 exception reporting

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- a satisfactory system of control over the Society's transactions has not been maintained; or
- we have not received all the information and explanations we require for our audit; or
- proper books of account have not been kept by the Society; or
- the Society's financial statements are not in agreement with the books of account.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
Date: 7 December 2020

UNITED OILSEED PRODUCERS LIMITED

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
Turnover	4	96,126,251	132,973,095
Cost of sales		(92,425,747)	(128,420,664)
Trading surplus		3,700,504	4,552,431
Administrative expenses		(2,825,879)	(3,225,900)
Operating surplus	10	874,616	1,326,531
Interest receivable and similar income	8	163,966	237,922
Interest payable and similar expenses	9	(20,279)	(36,845)
Distribution of surplus		(404,000)	-
Surplus before taxation		614,303	1,527,608
Tax on surplus	11	(88,146)	(303,800)
Surplus for the financial year		526,157	1,223,808
Surplus for the financial year attributable to:			
Owners of the parent		526,157	1,223,808
All activities relate to continuing operations			

The notes on pages 19 to 36 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 £	2019 £
Surplus for the financial year	526,157	1,223,808
Other comprehensive income / (expense):		
Changes in fair value of cash flow hedges	16,637	(183,431)
Total tax on components of other comprehensive income	(3,223)	31,183
Other comprehensive income / (expense) for the financial year, net of tax	13,414	(152,248)
Total comprehensive income for the financial year	539,571	1,071,560

The notes on pages 19 to 36 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED

**SOCIETY'S INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 £	2019 £
Dividend received from subsidiary	404,000	-
Distribution of surplus	(404,000)	-
Interest expense	(4)	(3)
	<hr/>	<hr/>
Deficit before taxation	(4)	(3)
Tax on deficit	-	-
	<hr/>	<hr/>
Deficit for the financial year	(4)	(3)
	<hr/> <hr/>	<hr/> <hr/>

All activities relate to continuing operations.

The Society has no other comprehensive income other than the result stated above and therefore no separate statement of total comprehensive income has been presented.

The notes on pages 19 to 36 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED
REGISTERED NUMBER: 20341R

GROUP BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	296,847	564,686
Tangible assets	13	576,630	566,975
Investments	14	301,950	346,775
		<u>1,175,427</u>	<u>1,478,436</u>
Current assets			
Stocks	15	8,885,782	3,391,986
Debtors	16	12,851,158	14,552,434
Cash at bank and in hand	17	6,671,538	10,062,985
		<u>28,408,478</u>	<u>28,007,405</u>
Creditors: amounts falling due within one year	18	(17,676,658)	(18,103,575)
Net current assets		<u>10,731,820</u>	<u>9,903,830</u>
Total assets less current liabilities		<u>11,907,247</u>	<u>11,382,266</u>
Provisions for liabilities			
Deferred taxation	20	-	(15,615)
Net assets		<u><u>11,907,247</u></u>	<u><u>11,366,651</u></u>
Capital and reserves			
Active shares	21	33,765	32,745
Forfeited shares	21	99,010	98,995
Capital reserve	22	5,434	5,434
Cash flow hedge reserve	22	(199,243)	(212,657)
Other reserves	22	250,000	250,000
Profit and loss account	22	11,718,291	11,192,134
Total members' funds		<u><u>11,907,247</u></u>	<u><u>11,366,651</u></u>

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

T Stuart *Troy Stuart*
 Director

R Hall *R. Hall*
 Director

H Casey *Helen Casey*
 Secretary

Date: 02/12/2020

02/12/2020

02/12/2020

The notes on pages 19 to 36 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED
REGISTERED NUMBER: 20341R

SOCIETY'S BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	14	918,637	918,637
Current assets			
Cash at bank and in hand	17	38,687	33,255
Creditors: amounts falling due within one year	18	(294,714)	(290,313)
Net current liabilities		<u>(256,027)</u>	<u>(257,058)</u>
Total assets less current liabilities		<u><u>662,610</u></u>	<u><u>661,579</u></u>
Capital and reserves			
Active shares	21	33,765	32,745
Forfeited shares	22	99,010	98,995
Profit and loss account	22	529,835	529,839
Total members' funds		<u><u>662,610</u></u>	<u><u>661,579</u></u>

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

T Stuart *Troy Stuart*
 Director

R Hall *R. Hall*
 Director

H Casey *Helen Casey*
 Secretary

Date: 02/12/2020

02/12/2020

02/12/2020

The notes on pages 19 to 36 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED

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

	Active shares	Forfeited shares	Capital reserve	Cash flow hedge reserve	Other reserve	Profit and loss account	Total members' funds
	£	£	£	£	£	£	£
At 1 July 2019	32,745	98,995	5,434	(212,657)	250,000	11,192,134	11,366,651
Comprehensive income for the financial year							
Surplus for the financial year	-	-	-	-	-	526,157	526,157
Changes in fair value of cash flow hedges	-	-	-	16,637	-	-	16,637
Tax on other components of comprehensive income	-	-	-	(3,223)	-	-	(3,223)
Total comprehensive income for the financial year	-	-	-	13,414	-	526,157	539,571
Contributions by and distributions to owners							
New share capital subscribed	1,035	-	-	-	-	-	1,035
Forfeited shares	(15)	15	-	-	-	-	-
Total transactions with owners	1,020	15	-	-	-	-	1,035
At 30 June 2020	33,765	99,010	5,434	(199,243)	250,000	11,718,291	11,907,247

The notes on pages 19 to 36 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Active shares £	Forfeited shares £	Capital reserve £	Cash flow hedge reserve £	Other reserve £	Profit and loss account £	Total members' funds £
At 1 July 2018	30,825	98,995	5,434	(60,409)	250,000	9,968,326	10,293,171
Comprehensive income for the financial year							
Surplus for the financial year	-	-	-	-	-	1,223,808	1,223,808
Changes in fair value of cash flow hedges	-	-	-	(183,431)	-	-	(183,431)
Tax on components of other comprehensive income	-	-	-	31,183	-	-	31,183
Other comprehensive expense for the financial year	-	-	-	(152,248)	-	-	(152,248)
Total comprehensive income for the financial year	-	-	-	(152,248)	-	1,223,808	1,071,560
Contributions by and distributions to owners							
New share capital subscribed	1,920	-	-	-	-	-	1,920
Total transactions with owners	1,920	-	-	-	-	-	1,920
At 30 June 2019	32,745	98,995	5,434	(212,657)	250,000	11,192,134	11,366,651

The notes on pages 19 to 36 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED

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

	Active shares £	Forfeited shares £	Profit and loss account £	Total members' funds £
At 1 July 2018	30,825	98,995	529,842	659,662
Comprehensive expense for the financial year				
Deficit for the financial year	-	-	(3)	(3)
Total comprehensive expense for the financial year	-	-	(3)	(3)
Contributions by and distributions to owners				
New share capital subscribed	1,920	-	-	1,920
Total transactions with owners	1,920	-	-	1,920
At 30 June 2019 and 1 July 2019	32,745	98,995	529,839	661,579
Comprehensive expense for the financial year				
Deficit for the financial year	-	-	(4)	(4)
Total comprehensive expense for the financial year	-	-	(4)	(4)
Contributions by and distributions to owners				
New share capital subscribed	1,035	-	-	1,035
Forfeited shares	(15)	15	-	-
Total transactions with owners	1,020	15	-	1,035
At 30 June 2020	33,765	99,010	529,835	662,610

The notes on pages 19 to 36 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED

**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 £	2019 £
Cash flows from operating activities		
Surplus for the financial year	526,157	1,223,808
Adjustments for:		
Amortisation of intangible assets	282,538	345,839
Depreciation of tangible assets	11,384	16,868
Loss on disposal of tangible assets	-	421
Interest expense	20,279	36,845
Interest income	(163,966)	(237,922)
Taxation charge	88,146	303,800
(Increase)/decrease in stocks	(5,493,796)	4,329,142
Decrease/(increase) in debtors	1,476,360	(346,533)
Decrease in creditors	21,592	(1,070,426)
Corporation tax (paid)/received	(321,521)	113,311
Distribution of surplus	404,000	-
Net cash (utilised in)/generated from operating activities	(3,148,827)	4,715,153
Cash flows from investing activities		
Purchase of intangible assets	(14,699)	(62,221)
Purchase of tangible assets	(21,039)	(2,857)
Store loans recovered during the year	52,396	437
Interest received	163,966	237,922
Net cash generated from investing activities	180,624	173,281
Cash flows from financing activities		
Interest paid	(20,279)	(36,845)
Distribution paid to members	(404,000)	-
New member share capital subscribed	1,035	1,920
Net cash used in financing activities	(423,244)	(34,925)
Net (decrease)/increase in cash and cash equivalents	(3,391,447)	4,853,509
Cash and cash equivalents at beginning of financial year	10,062,985	5,209,476
Cash and cash equivalents at the end of financial year (note 17)	6,671,538	10,062,985
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	6,671,538	10,062,985

The notes on pages 19 to 36 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED

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

1. General information

The principal activity of United Oilseed Producers Limited (the "Society") is that of a commodity trader and seed merchant.

The Society is a registered society under the Co-operative and Community Benefit Societies Act 2014 and is domiciled in England.

The address of the registered office is:

St James House
Gains lane
Devizes
Wiltshire
SN10 1FB

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention as modified by the recognition of derivative financial instruments at fair value, and in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 and applicable accounting standards in the United Kingdom, comprising FRS 102. The principal accounting policies which have been applied consistently are set out below.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Exemptions for qualifying entities under FRS 102

The Society has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and includes the Society's cash flows in its own consolidated financial statements.

The Society have taken advantage of the exemption, under FRS 102 paragraphs 11.39 - 11.48A and 12.26 - 12.29, from certain financial instruments disclosures due to equivalent disclosures being provided in its own consolidated financial statements.

The Society has taken advantage of the exemption, under FRS 102 paragraph 33.7, from disclosing the total compensation of key management personnel, on the basis that it is a qualifying entity and includes the Society's key management compensation in its own consolidated financial statements.

This information is included in the consolidated financial statements of United Oilseeds Producers Limited at 30 June 2020 which are included in these financial statements.

2.3 Related party transactions

The Society has taken advantage of the exemption, under FRS 102 paragraph 33.2, from disclosing transactions with members of the same Group that are wholly owned.

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

2. Accounting policies (continued)

2.4 Basis of consolidation

The Group financial statements consolidate the financial statements of the Society and its subsidiaries. All companies within the Group apply the same accounting policies consistently and prepare their financial statements to the same date. Profits and losses on intra-group transactions are eliminated on consolidation.

The consolidated financial statements have been prepared using acquisition accounting.

2.5 Going concern

The Group meets its day-to-day working capital requirement through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. The Society and its Group therefore continue to adopt the going concern basis in preparing its financial statements.

As set out in the strategic report, the directors have considered the impact of Covid-19 on the going concern status of the company, and at the time of writing, do not believe that it will materially impact the Group.

2.6 Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. It also includes commissions' receivable on transactions undertaken on behalf of the commodity pools. Turnover is recognised when the risks and rewards of ownership of the goods are substantially passed to the customer being either delivery to the customer or when the customer confirms acceptance of goods held at third party storage locations.

2.7 Intangible assets and amortisation

Intangible assets include goodwill and computer software assets.

Goodwill is the difference between amounts paid on acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Income and Expenditure Account over its estimated economic life. Goodwill is amortised at 15% per annum on a straight line basis.

The Group evaluate the carrying value of goodwill in each financial year to determine if there has been impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the Income and Expenditure account.

Software assets are stated at cost less accumulated amortisation. Cost includes original purchase cost plus the cost of third parties and internal employee costs that are directly associated with developing the software assets. Amortisation is recognised to write off the cost of software assets over 5 years.

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

2. Accounting policies (continued)

2.8 Tangible assets

Tangible assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets so as to write off the cost less the estimated residual value of the relevant assets over their anticipated useful lives at the following annual rates on a straight line basis:

Freehold property	- not depreciated
Office equipment	- between 15% and 33%

Freehold property has not been depreciated as in the opinion of the directors the residual value is not materially different from the carrying value and hence any depreciation is immaterial.

2.9 Investments

Investments are payments made to storage facilities for the long-term use of the location.

Investments are initially recorded at cost. The full cost of the investment is repayable by the storage provider at the end of the term of the contract. The investments are reviewed periodically for impairment. An impairment is considered to have occurred where the amount repayable by the storage location is lower than the carrying value of the investment.

2.10 Stocks

Stocks comprise commodities for resale which are valued at the lower of cost and net realisable value and measured on a weighted average basis. Cost includes all direct expenditure incurred in bringing the product to its present location and condition. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Where necessary, provision is made for obsolete, slow moving and defective stocks.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Group Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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

2. Accounting policies (continued)

2.13 Derivative financial instruments

Forward commodity contracts and foreign exchange used in the business are derivative financial instruments. Such contracts are recognised at fair value with changes in fair value recognised in the profit and loss account unless hedge accounting is applied. Realised gains and losses are charged against cost of sales together with the underlying purchase being hedged. Unrealised gains and losses on open contracts are presented separately within operating profit.

Unrealised gains and losses on contracts qualifying as cash flow hedges (which typically comprise the forward foreign exchange contracts) are recognised initially in a cash flow hedge reserve and are subsequently recycled to the income statement at the same time the hedged item is recognised. Unrealised gains and losses on contracts qualifying as fair value hedges (which typically comprise commodity futures) are recognised in the Income and Expenditure Account account together with the offsetting unrealised gain or loss on the hedged item being the future grain sale or purchase commitment.

Although credited gains and losses on contracts not qualifying for hedge accounting are recognised in the Income and Expenditure Account, the directors do not view them as being part of the underlying profitability of the Group as they relate to future periods. The directors therefore show these gains and losses separately and present an adjusted profit measure which forms the basis for decisions around setting the level of dividends to be paid.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Differences arising are dealt with in the Income and Expenditure account.

2.16 Finance costs

Finance costs are charged to the Group Income and Expenditure Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 Operating leases

Rentals paid under operating leases are charged to the Group Income and Expenditure Account on a straight line basis over the lease term.

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

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Group Income and Expenditure account when they fall due. Amounts not paid are shown in accruals as a liability in the Group Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.19 Interest income

Interest income is recognised in the Group Income and Expenditure Account using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in the Group Income and Expenditure Account in the year in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Group Income and Expenditure Account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.22 Current and deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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 have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

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

2. Accounting policies (continued)

2.23 Distributions

Distributions to members are shown within surplus on ordinary activities before taxation and are tax deductible. Distributions are paid to members based on their levels of trade with the Society's trading subsidiary.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future that can impact on balances recognised in the financial statements. Judgements and estimates are based on historical experience and various other factors that are considered reasonable in the circumstances but may differ from subsequent actual results.

The critical accounting judgements that are considered to be significant in the context of these financial statements include:

1. Revenue recognition

Sales made through the Group's Pool arrangements are treated on a net basis with only the commission earned by the Group being recognised in these financial statements. The directors take the view that the Group is acting as an agent for its members, passing on market prices achieved, less commission earned. The gross value of transactions traded through Pool arrangements amount to £47,361,887 (2019: £69,694,203).

2. Derivative financial instruments

The Group uses derivative financial instruments in the form of currency forward contracts and commodity futures to hedge its exposure to currency and price risk on forecast and contracted future sales and purchases. In order to apply hedge accounting, the directors have assessed that the hedges are expected to be effective and that they match with expected future sales and purchases.

The estimate that is considered significant in the context of these financial statements is:

1. Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in useful economic lives and residual values, which are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying value of intangible assets and note 2.7 for the amortisation rate used.

UNITED OILSEED PRODUCERS LIMITED

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Oilseed rape and other seed sales	95,357,872	131,968,112
Commission on pool sales	768,379	1,004,983
	<u>96,126,251</u>	<u>132,973,095</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	69,150,271	96,109,999
Rest of Europe	26,975,980	36,863,096
	<u>96,126,251</u>	<u>132,973,095</u>

5. Auditors' remuneration

	2020 £	2019 £
Audit of the Society's subsidiaries	<u>35,850</u>	<u>36,200</u>
Fees payable to the Group's auditors in respect of:		
Taxation compliance services	21,194	21,680
All other services	6,200	5,950
	<u>27,394</u>	<u>27,630</u>

Auditors' remuneration for audit services to the Society was borne by a subsidiary company.

UNITED OILSEED PRODUCERS LIMITED

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

6. Employees

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

	Group 2020 £	Group 2019 £
Wages and salaries	1,783,858	1,834,957
Social security costs	232,256	227,139
Cost of defined contribution scheme	113,088	110,813
	<u>2,129,202</u>	<u>2,172,909</u>

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

	2020 Number	2019 Number
Trading	13	13
Administration	17	17
	<u>30</u>	<u>30</u>

The Society does not have any employees (2019: none).

7. Directors' remuneration

	2020 £	2019 £
Aggregate directors' remuneration	<u>100,263</u>	<u>107,220</u>

8. Interest receivable and similar income

	2020 £	2019 £
On short term cash deposits and member advances	<u>163,966</u>	<u>237,922</u>

UNITED OILSEED PRODUCERS LIMITED

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

9. Interest payable and similar expenses

	2020 £	2019 £
On bank overdrafts	20,279	36,845

10. Operating surplus before taxation

Surplus before taxation is stated after charging:

	2020 £	2019 £
Depreciation of tangible assets	11,384	16,868
Amortisation of intangible assets	282,538	345,839
Operating lease payments in respect of plant and machinery	116,125	84,721

11. Tax on surplus

	2020 £	2019 £
Corporation tax		
Current tax on surplus for the year	158,279	337,251
Adjustments in respect of prior years	(40,149)	36
Total current tax	118,130	337,287
Deferred tax		
Origination and reversal of timing differences	(35,279)	(37,407)
Effect of changes in tax rates	5,295	3,920
Total deferred tax	(29,984)	(33,487)
Total tax	88,146	303,800

UNITED OILSEED PRODUCERS LIMITED

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

11. Tax on surplus (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £	2019 £
Surplus before taxation	614,303	1,527,608
Surplus before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	116,717	290,246
Effects of:		
Expenses not deductible for tax purposes	3,366	5,367
Adjustments in respect of prior years	(40,149)	36
Change in tax rate	5,303	3,920
Other timing differences	2,909	4,231
Total tax (credit)/charge for the financial year	88,146	303,800

Factors that may affect future tax charges

Changes to the UK Corporation tax rates were substantively enacted on 7 September 2016 to reduce the main rate of Corporation tax to 17% from 1 April 2020 and deferred tax balances in the prior year have been measured using this rate.

A further change was substantively enacted on 17 March 2020 to maintain the rate at 19%, hence deferred tax at 30 June 2020 has been measured at 19%.

UNITED OILSEED PRODUCERS LIMITED

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

12. Intangible assets

Group

	Computer software £	Goodwill £	Total £
Cost			
At 1 July 2019	1,968,297	236,984	2,205,281
Additions	14,699	-	14,699
At 30 June 2020	1,982,996	236,984	2,219,980
Accumulated amortisation			
At 1 July 2019	1,453,932	186,663	1,640,595
Charge for the year	246,990	35,548	282,538
At 30 June 2020	1,700,922	222,211	1,923,133
Net book value			
At 30 June 2020	282,074	14,773	296,847
At 30 June 2019	514,365	50,321	564,686

UNITED OILSEED PRODUCERS LIMITED

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

13. Tangible assets

Group

	Freehold property £	Office equipment £	Total £
Cost			
At 1 July 2019	542,820	340,625	883,445
Additions	-	21,039	21,039
At 30 June 2020	542,820	361,664	904,484
Accumulated depreciation			
At 1 July 2019	-	316,470	316,470
Charge for the year	-	11,384	11,384
At 30 June 2020	-	327,854	327,854
Net book value			
At 30 June 2020	542,820	33,810	576,630
At 30 June 2019	542,820	24,155	566,975

The freehold property is subject to a fixed charge.

The Society does not hold any tangible assets (2019: none).

14. Investments

Group

	Investments £
Cost	
At 1 July 2019	346,775
Disposals	(44,825)
At 30 June 2020	301,950

Investments comprise interest free loans to grain stores to secure storage facilities and have no fixed date of repayment. The directors are satisfied that the investments are recoverable at their stated net book amounts.

UNITED OILSEED PRODUCERS LIMITED

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

14. Investments (continued)

Society

	Investments in subsidiary companies £	Other investments £	Total £
Cost or net book value			
At 1 July 2019	911,066	7,571	918,637
Additions	60	-	60
Disposals	-	(60)	(60)
At 30 June 2020	<u>911,126</u>	<u>7,511</u>	<u>918,637</u>

The subsidiary undertakings are:

United Oilseeds Marketing Limited, a company incorporated and registered in the UK. The nature of its business is that of commodity merchants and brokers. The Society owned 100% of the issued share capital as at the Balance Sheet date.

Hubbards Seed Limited, a company registered in the UK the nature of the business is that of a seed merchant. The Society owned 100% of the issued share capital as at the Balance Sheet date.

United Agriculture Limited, a company registered in the UK. The company is dormant. The Society owned 100% of the issued share capital as at the Balance Sheet date.

Other investments comprise of interest free loans to grain stores to secure storage facilities and have no fixed date of repayment.

Companies Act 2006 - Section 479A Disclosure

The following subsidiary is exempt from the requirement relating to audit of its financial statements under S479A of the Companies Act 2006 by virtue of an unconditional guarantee given by the Society of the company's liabilities as at 30 June 2020:

- Hubbards Seeds Limited (Reg number: 07914940)

15. Stocks

	Group 2020 £	Group 2019 £
Finished goods and goods for resale	<u>8,885,782</u>	<u>3,391,986</u>

UNITED OILSEED PRODUCERS LIMITED

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

16. Debtors

	Group 2020 £	Group 2019 £
Trade debtors	11,548,575	13,559,251
Other debtors and prepayments	1,033,321	919,322
Other taxation and social security	228,787	-
Deferred taxation (Note 20)	11,160	-
Derivative financial instruments (Note 19)	-	73,861
Forward Grain Commitments	29,315	-
	12,851,158	14,552,434

Amounts owed by group undertakings are unsecured and carry no interest.

17. Cash at bank and in hand

	Group 2020 £	Group 2019 £	Society 2020 £	Society 2019 £
Cash at bank and in hand	6,671,538	10,062,985	38,687	33,255

18. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Society 2020 £	Society 2019 £
Trade creditors	16,370,179	16,263,694	-	-
Amounts owed to group undertakings	-	-	294,729	290,313
Corporation tax	104,553	337,298	-	-
Forward Grain commitment	-	73,861	-	-
Other creditors	158,852	193,860	-	-
Accruals and deferred income	857,109	1,061,575	-	-
Derivative financial instruments	185,965	173,287	-	-
	17,676,658	18,103,575	294,729	290,313

Amounts due to group undertakings are unsecured, carry no interest and are repayable on demand.

UNITED OILSEED PRODUCERS LIMITED

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

19. Derivative financial instruments

	Group 2020 £	Group 2019 £	Society 2020 £	Society 2019 £
Financial assets				
Financial assets measured at amortised cost	12,581,903	14,460,931	-	-
Financial assets measured at fair value and held as fair value hedges				
- Derivative financial instruments	-	73,861	-	-
- Forward grain commitment	29,315	-	-	-
	12,611,218	14,534,792	-	-
Financial liabilities				
Financial liabilities measured at amortised cost	(17,386,140)	(17,809,441)	(294,714)	(290,313)
Financial liabilities measured at fair value and held as fair value hedges				
- Forward grain commitment	-	(73,861)	-	-
- Derivative financial instruments	(29,315)	-	-	-
Financial liabilities measured at fair value and held as cash flow hedges				
- Derivative financial instruments	(156,650)	(173,287)	-	-
	(17,572,105)	(18,056,589)	(294,714)	(290,313)

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings & other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

Derivative financial instruments

The Group enters into derivative financial instruments in the form of forward foreign currency contracts and commodity futures to mitigate foreign exchange risk and price risk on contracted and expected future sales and purchases. When these derivative financial instruments can meet the criteria for hedge accounting in FRS 102, hedge accounting is applied. This is the case for both currency and commodity contracts in the current year.

At 30 June 2020, the fair value of currency contracts held as cash flow hedges was a liability of £156,650 (2019: £173,287). The fair value of commodity contracts held as fair value hedges was a liability of £29,315 (2019: asset of £73,861).

The commodity contracts have been designated as fair value hedges of grain sales or purchase commitments. Accordingly, the hedged commitment has also been recognised as financial asset at fair value.

UNITED OILSEED PRODUCERS LIMITED

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

20. Provisions

Group	Deferred Tax
	£
At beginning of year	(15,615)
Charged to profit or loss	29,998
Charged to other comprehensive income	(3,223)
Transferred to debtors (note 16)	(11,160)
At end of year	-

The deferred taxation balance is made up as follows:

	Group 2020 £	Group 2019 £
Accelerated capital allowances	14,229	12,779
Unrealised gains and losses on derivatives	11,160	(15,615)

The Society has no deferred tax balances (2019: none).

21. Members' shares

	Active shares £	Forfeited shares £
At 1 July 2019	32,745	98,995
New issues	1,035	-
Forfeit shares	(15)	15
At 30 June 2020	33,760	99,010

Members' shares are split between those members who have traded with the Group in the financial year and those who have not traded but still retain a share in the Society.

Each member may hold one share in the Society. Each share has a nominal value of either £1 or £15. The shares do not have a right to any distribution. Each share entitles the member to one vote. Shares are non-transferable.

During the year, new member shares of £1,035 were issued (2019: £1,920). Upon cessation of membership, active shares are cancelled and forfeited and transferred to the forfeited shares account. Forfeited shares are transferred to active shares when a previous member reactivates its account with the Society. During the financial year, no shares were transferred from the forfeited share capital account.

UNITED OILSEED PRODUCERS LIMITED

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

22. Reserves

Capital reserve

The capital redemption reserve is a non-distributable reserve amounting to the repurchase of shares in the Group's subsidiary.

Cash flow hedge reserve

The cash hedge reserve relates to unrealised gains and losses on foreign exchange futures contracts which qualify as effective hedges of future sales and purchases, net of related deferred tax.

Other reserves

The other reserve consists of a balance set aside from the Income and Expenditure Account to cover the risk of potential future bad debts.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Group.

23. Pension commitments

Contributions are made on behalf of the employees to their personal pension plan. Contributions are charged in the accounts as incurred. Total pension costs charged in the year were £113,088 (2019: £110,813).

24. Distribution

	2020 £	2019 £
Distributions declared and paid in the year	404,000	-

25. Commitments under operating leases

At 30 June the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £
Not later than 1 year	69,064	74,408
Later than 1 year and not later than 5 years	121,650	306,184
Later than 5 years	-	-
	190,714	380,592

The Society has no commitments (2019: none).

UNITED OILSEED PRODUCERS LIMITED

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

26. Related party transactions

Advantage has been taken of the exemption from disclosing transactions and balances with other group companies as permitted by the exemption disclosed in note 2.2.

Directors enter into transactions with the Group, which are at arm's length and on the same terms as are available to other customers with a similar size of enterprise. These are summarised as follows for the year ended 30 June 2020:

	Sales value £	Purchases value £	Balance owed (to)/from at 30 June 2020 £
Interested director			
T Stuart	7,570	205,564	-
R Hall	12,982	136,625	(13,294)
A Cragg	8,040	178,100	(29,814)
T Westgarth	29,577	445,744	(40,654)
C McGregor	24,259	705,434	(148,381)
B Jackson	19,857	521,274	(80,132)

Information relating to the year ended 30 June 2019:

	Sales value £	Purchases value £	Balance owed (to)/from at 30 June 2019 £
Interested director			
H Casey (director of subsidiaries)	43	-	-
T Stuart	25,403	329,104	16,966
R Hall	13,665	244,043	-
A Cragg	636	141,344	(122,177)
T Westgarth	20,621	433,642	577
C Baldwin (director of subsidiaries)	210	-	-
C McGregor	-	1,148,355	-
B Jackson	20,535	1,676,289	13,941

27. Ultimate Controlling party

The Society is ultimately controlled by its members who each have equal voting rights.