Society Number: 20341R

UNITED OILSEED PRODUCERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

CONTENTS

SOCIETY INFORMATION

Directors	J A Elliot (Chairman) T Stuart (Vice-Chairman) N R Wisely A Cragg D Hall T Westgarth
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

STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2017

The directors present their strategic report of the Group for the year ended 30 June 2017.

Review of the business

The Group's surplus for the financial year excluding unrealised gains and losses on derivatives amounted to £670,136 (2016: £887,757). Total Group members' funds at 30 June 2017 were £10,102,804 (2016:£9,002,069).

The Society's result for the financial year is £nil (2016: £nil). Total society members' funds at 30 June 2017 were £658,854 (2016: £657,219).

The directors are happy with the performance of the business and believe that it is well placed to take advantage of the future business opportunities. This year's results reflect proficient trading in what was a difficult trading environment with 30% lower harvest yields from the previous year.

- Despite volumes of oilseed rape traded during the year being down to 444,359 tonnes compared to the previous year of 523,190 tonnes. The Group have been able to read the market well which is reflected in the healthy profit figures.
- Cash: as at 30 June 2017 the Group had cash at bank of £5.146m against an overdraft of £3.391m at the same point last year.
- Seed Sales: Although the area of oilseed rape planted in 2016, fell to a disappointing 563,000 hectares, and the Group were unable to obtain exclusivity for any oilseed rape seed variety, the directors were very pleased with the seed contribution of £1,039,910 in the financial year.
- The market was significantly impacted by the Brexit vote as the Euro became weak and the market got firmer. The oilseed rape market increased at harvest 2016 from £274.00/tonne up to £340.00/tonne which was paid out from our Carte Blanche Pool. This was an increase of £66.00/tonne.
- As a business we successfully read the market which can be seen from the oilseed rape trading margins which were £5.71/tonne compared with the previous year at £5.01/tonne.
- Our pools have continued to outperform the market giving growers excellent returns. In financial year 2017 United Oilseeds have continued to service a three year supply agreement with ADM International Sari, for the supply of 70,000 tonnes of oilseed rape into our stores and an additional 150,000 tonnes direct to their crush at Erith.
- This year the board of United Oilseeds have created the Strategic Plan for United Oilseeds from 2017 to 2022 defining the purpose of United Oilseeds, the vision, mission statement and strategic goals to continue to grow turnover and profit for the next 5 years.

Key performance indicators

Oilseed rape sales volumes were maintained at 444,359 metric tonnes (2016: 523,190 MT).

The directors monitor the profitability of the business. The measure used is profit before tax excluding unrealised derivative gains and losses, which was £792,244(£1,200,971) for the year. As at 30 June 2017, all open forward contracts met the criteria for hedge accounting.

In the opinion of the directors, unrealised derivative gains and losses do not relate to the Group's current year trading performance and hence are excluded from the adjusted profit measure. In assessing the level of dividends to be paid, the directors take account of this adjusted profit rather than profit including unrealised gains and losses. 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.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

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.

The effect of currency fluctuations on price also represents a risk as the oilseed rape market becomes a more global commodity. Hedging on the Matif is a major tool in the trading of oilseed rape.

Weather conditions are a primary risk in the agri-business industry. Oilseed rape volumes, quality and ultimately, the financial performance of the Group, are highly dependent upon weather conditions throughout the crop production cycle. There has been a continual decrease in the area of oilseed rape planted in the last five years, decreasing from a figure of 780,000 hectares in 2012 to an estimated planted area of 563,000 hectares in 2017.This has inevitably had a negative impact on the tonnage available to trade and the volume of oilseed rape sold for the year ended 30 June 2017. The better news is that the area of oilseed rape planted for 2018 harvest has increased to 603,000ha.

Future developments

The Group has now completed its initial implementation of the new computer system and is benefitting from more detailed financial information. The Group continues to invest in the new system in its quest for continuous improvement.

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

H Casey
Secretary

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

The directors present their report and the audited financial statements of United Oilseed Producers Limited ("the Society") and the audited consolidated financial statements of the United Oilseeds Group for the year ended 30 June 2017.

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.

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 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.

Results and dividends

The surplus for the financial year amounted to £670,136 (2016: £887,757).

A dividend of £425,000 was declared during the year relating to financial year ended 30th June 2016. A dividend of £413,194 was paid during the year relating to financial year ended 30th June, 2015 (2016:Nil). The directors do not recommend the payment of a final dividend. No dividend was paid on the preference shares (2016: £nil).

Charitable donations

During the financial year the Group made non-political charitable donations amounting to £185 (2016: £50).

Directors

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

J A Elliot
T Stuart
N R Wisely
A Cragg
D Hall
T Westgarth

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

Statement of Directors' Responsibilities

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

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 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, comprising FRS 102, 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 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 to 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.

The directors are responsible for the maintenance and integrity of the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

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

H Casey
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNITED OILSEED PRODUCERS LIMITED

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 of the society's affairs as at 30 June 2017 and of its income and expenditure and 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 sheets as at 30 June 2017; the group's and society's income and expenditure statements for the year then ended; the group's statement of comprehensive income for the year then ended; the group's statements of cash flows for the year then ended; 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 and other explanatory information.

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 company 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company'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

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

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.

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 5,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 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.

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
BS2 0FR

Date:

GROUP INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 £	2016 £
Turnover	4	**117,071,704**	110,474,854
Cost of sales		**(112,854,452)**	(105,974,091)
Trading surplus		**4,217,252**	4,500,763
Administrative expenses		**(3,128,019)**	(3,036,520)
Operating surplus before unrealised losses on forward contracts		**1,089,233**	1,464,243
Unrealised losses on commodities forward contracts		**-**	(94,640)
Operating surplus after unrealised losses on forward contracts		**1,089,232**	1,369,603
Interest receivable and similar income	8	**130,863**	179,377
Interest payable and similar expenses	9	**(2,852)**	(22,649)
Distribution of surplus		**(425,000)**	(420,000)
Surplus before tax	10	**792,244**	1,106,331
Tax on surplus	11	**(122,108)**	(218,574)
Surplus for the financial year		**670,136**	887,757
Surplus for the financial year attributable to:			
Owners of the parent		**670,136**	887,757

All activities relate to continuing operations.

The surplus before tax shown above consists of:

	Note	2017	2016
Surplus before tax excluding unrealised gains and losses on derivatives *	10	**792,244**	1,200,971
Unrealised gains and losses on derivatives	18	**-**	(94,640)
Surplus before tax		**792,244**	1,106,331

* Following the adoption of FRS 102, this adjusted profit measure is the primary performance indicator used by management to monitor the profitability of the business, as explained in the Strategic Report on page 2.

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 £	2016 £
Surplus for the financial year		**670,136**	887,757
Other comprehensive income:			
Changes in fair value of cash flow hedges	18	**540,429**	(1,004,348)
Total comprehensive income before tax		**540,429**	(1,004,348)
Total tax on components of other comprehensive income		**(111,465)**	185,106
Other comprehensive income for the year, net of tax		**428,964**	(819,242)
Total comprehensive income for the financial year		**1,099,100**	68,515

SOCIETY'S INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	£	£
Income from shares in subsidiary	**425,000**	420,000
Distribution	**(425,000)**	(420,000)
Result before tax	**-**	-
Tax on result	**-**	-
Result for the financial year	**-**	-

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.

UNITED OILSEED PRODUCERS LIMITED
SOCIETY NUMBER: 20341R

GROUP BALANCE SHEET
AS AT 30 JUNE 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	12		**1,168,512**		1,079,200
Tangible assets	13		**584,936**		599,243
Investments	14		**409,712**		409,712
			2,163,160		2,088,155
Current assets					
Stocks	15	**2,094,484**		5,833,009	
Debtors	16	**16,688,230**		20,417,200	
Cash at bank and in hand		**5,146,009**		429,803	
		23,928,723		26,680,012	
Creditors: amounts falling due within one year	17	**(15,928,578)**		(19,766,098)	
Net current assets			**8,000,145**		6,913,914
Total assets less current liabilities			**10,163,305**		9,002,069
Deferred taxation	19		**(60,501)**		-
Net assets			**10,102,804**		9,002,069
Capital and reserves					
Active shares	20		**30,015**		28,380
Forfeited shares	20		**98,995**		98,995
Capital reserve			**5,434**		5,434
Cash flow hedge reserve	21		**(217,372)**		(646,336)
Other reserve	21		**250,000**		250,000
Profit and loss account			**9,935,732**		9,265,596
Total members' funds			**10,102,804**		9,002,069

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

J A Elliot
Director

T Stuart
Director

H Casey
Secretary

UNITED OILSEED PRODUCERS LIMITED
SOCIETY NUMBER: 20341R

SOCIETY'S BALANCE SHEET
AS AT 30 JUNE 2017

	Note		2017 £		2016 £
Fixed assets					
Investments	14		**918,637**		918,637
Current assets					
Debtors	16	**431,806**		420,000	
Cash at bank and in hand		**30,589**		28,958	
		462,395		448,958	
Creditors: amounts falling due within one year	17	**(722,178)**		(710,376)	
Net current liabilities			**(259,783)**		(261,418)
Total assets less current liabilities			**658,854**		657,219
Capital and reserves					
Active shares	20		**30,015**		28,380
Forfeited shares	20		**98,995**		98,995
Profit and loss account			**529,844**		529,844
Total members' funds			**658,854**		657,219

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

J A Elliot
Director

T Stuart
Director

H Casey
Secretary

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Active shares	Forfeited shares	Capital reserve	Cash flow hedge reserve	Other reserve	Profit and loss account	Total members' funds
	£	£	£	£	£	£	£
At 1 July 2016	28,380	98,995	5,434	(646,336)	250,000	9,265,596	9,002,069
Comprehensive income for the year							
Surplus for the financial year	-	-	-	-	-	670,136	670,136
Unrealised gains and losses on cash flow hedges	-	-	-	540,429	-	-	540,429
Tax on unrealised gains and losses	-	-	-	(111,465)	-	-	(111,465)
Other comprehensive income for the year	-	-	-	428,964	-	-	428,964
Total comprehensive income for the year	-	-	-	428,964	-	670,136	1,099,100
Contributions by and distributions to owners							
New share capital subscribed	1,635	-	-	-	-	-	1,635
Total transactions with owners	1,635	-	-	-	-	-	1,635
At 30 June 2017	30,015	98,995	5,434	(217,372)	250,000	9,935,732	10,102,804

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Active shares	Forfeited shares	Capital reserve	Cash flow hedge reserve	Other reserve	Profit and loss account	Total members' funds
	£	£	£	£	£	£	£
At 1 July 2015	25,890	100,624	5,434	172,906	250,000	8,377,839	8,932,693
Comprehensive income for the financial year							
Surplus for the financial year	-	-	-	-	-	887,757	887,757
Unrealised gains and losses on cash flow hedges	-	-	-	(1,004,348)	-	-	(1,004,348)
Tax on unrealised gains and losses	-	-	-	185,106	-	-	185,106
Other comprehensive income for the year	-	-	-	(819,242)	-	-	(819,242)
Total comprehensive income for the year	-	-	-	(819,242)	-	887,757	68,515
New share capital subscribed	861	-	-	-	-	-	861
Transfers between active and non-active members	1,629	(1,629)	-	-	-	-	-
Total transactions with owners	2,490	(1,629)	-	-	-	-	861
At 30 June 2016	28,380	98,995	5,434	(646,336)	250,000	9,265,596	9,002,069

The notes on pages 17 to 36 form part of these financial statements.

SOCIETY'S STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Active shares	Forfeited shares	Profit and loss account	Total members' funds
	£	£	£	£
At 1 July 2015	**25,890**	**100,624**	**529,844**	**656,358**
Contributions by and distributions to owners				
New share capital subscribed	**1,629**	**-**	**-**	**1,629**
Transfers between active and non-active members	**861**	**(1,629)**	**-**	**(768)**
Total transactions with owners	**2,490**	**(1,629)**	**-**	**861**
At 1 July 2016	**28,380**	**98,995**	**529,844**	**657,219**
Contributions by and distributions to owners				
New share capital subscribed	**1,635**	**-**	**-**	**1,635**
Total transactions with owners	**1,635**	**-**	**-**	**1,635**
At 30 June 2017	**30,015**	**98,995**	**529,844**	**658,854**

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 £	2016 £
Cash flows from/(used in) operating activities		
Surplus for the financial year	**670,136**	887,757
Adjustments for:		
Unrealised gains and losses on derivatives	**-**	94,640
Interest payable and similar charges	**2,852**	22,649
Interest receivable and similar income	**(130,863)**	(179,377)
Distribution of surplus	**425,000**	420,000
Taxation charge	**122,108**	218,574
Amortisation of intangible assets	**339,887**	298,447
Depreciation of tangible assets	**17,673**	20,102
Decrease/(increase) in stocks	**3,738,525**	(5,250,621)
Decrease/(increase) in debtors	**3,349,131**	(12,779,744)
Increase in creditors	**457,576**	7,833,548
Corporation tax received/(paid)	**251,548**	(700,000)
Net cash from/(used in) operating activities	**9,253,573**	(9,114,025)
Cash flows used in investing activities		
Purchase of intangible fixed assets	**(429,198)**	-
Purchase of tangible fixed assets	**(3,366)**	(627,856)
Interest received	**130,863**	179,377
Net cash used in investing activities	**(301,701)**	(448,479)
Cash flows used in financing activities		
Distribution paid to members	**(413,194)**	-
New member share capital subscribed	**1,635**	861
Interest paid	**(2,852)**	(22,649)
Net cash used in financing activities	**(414,411)**	(21,788)
Net increase/(decrease) in cash and cash equivalents	**8,537,461**	(9,584,292)
Cash and cash equivalents at beginning of year	**(3,391,452)**	6,192,840
Cash and cash equivalents at the end of year	**5,146,009**	(3,391,452)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**5,146,009**	429,803
Bank overdrafts	**-**	(3,821,255)
Cash and cash equivalents at end of year	**5,146,009**	(3,391,452)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. General information

The principal activity of the Society is that of a commodity trader and seed merchant.

The Society is a private company limited by shares and is incorporated and 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 and 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. 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 2017 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.

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.

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 amotisation

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 profit and loss 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 Profit and Loss 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.

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

Fixed asset 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.

2.13 Financial instruments

The Group enters into both basic financial instruments transactions that result in the recognition of financial assets and liabilities, like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties, and derivative financial instruments.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that

2. Accounting policies (continued)

2.13 Financial instruments (continued)

are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Group Income and Expenditure Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.14 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 profit and loss 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 profit and loss 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. Accounting policies (continued)

2.15 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.

2.16 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 profit and loss account.

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.

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 Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)

2.22 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.

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 and estimates that are considered significant in the context of their financial statements include:

Bad debt provision

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors.

In addition to providing against specific or expected bad debts, the directors also believe it to be appropriate to hold a separate reserve against the risk of potential future bad debts. This reserve is held as a separate component of equity and is treated by the directors as a non distributable reserve.

Useful economic lives of tangible and intangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-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 13 for the carrying amount of the property plant and equipment, and note 2.8 for the depreciation rate for each class of assets.

Measurement of derivative financial instruments

The Group enters into forward foreign currency contracts and commodity contracts to mitigate the exchange rate risk for certain foreign currency receivables and price risk on commodity purchases. The forward contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rate for GBP:EUR and forward commodity prices.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

4. Turnover

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

	2017 £	2016 £
Oilseed rape and other seed sales	**116,257,219**	109,425,784
Commission on pool sales	**814,485**	1,049,070
	117,071,704	110,474,854

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	**92,235,876**	86,386,633
Rest of Europe	**24,835,828**	24,088,221
	117,071,704	110,474,854

5. Auditors' remuneration

	2017 £	2016 £
Audit of the society's subsidiaries	**33,840**	37,100
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	**11,350**	14,271
All other services	**5,500**	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

6. Employees

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

	Group 2017 £	Group 2016 £	Society 2017 £	Society 2016 £
Wages and salaries	**1,586,987**	1,493,102	**-**	-
Social security costs	**191,718**	179,939	**-**	-
Other pension costs	**102,678**	107,907	**-**	-
	1,881,383	1,780,948	**-**	-

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

	2017 No.	2016 No.
Trading	**13**	13
Administration	**16**	16
	29	29

The Society does not have any employees.

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	**102,000**	102,000

8. Interest receivable and similar income

	2017 £	2016 £
On short term cash deposits and member advances	**130,863**	179,377

9. Interest payable and similar expenses

	2017 £	2016 £
On bank overdrafts	**2,851**	22,649

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

10. Surplus before tax

Surplus before tax is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	**22,031**	20,102
Amortisation of intangible assets	**335,530**	298,447
Operating lease payments in respect of plant and machinery	**68,733**	71,228

11. Tax on surplus

	2017 £	2016 £
Corporation tax		
Current tax on surplus for the year	**155,068**	274,964
Adjustments in respect of previous periods	**(15,163)**	-
Total current tax	**139,905**	274,964
Deferred tax		
Origination and reversal of timing differences	**1,479**	(56,390)
Adjustment in respect of previous periods	**(13,797)**	-
Increase in discount	**(5,479)**	-
Total deferred tax	**(17,797)**	(56,390)
Tax on surplus	**122,108**	218,574

11. Tax on surplus (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%). The differences are explained below:

	2017	2016
	£	£
Surplus before tax	**792,244**	1,106,331
Surplus multiplied by standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	**156,468**	221,266
Effects of:		
Expenses not deductible for tax purposes	**79**	9,039
Adjustments in respect of prior periods	**(28,960)**	-
Change in tax rate	**(5,479)**	(11,731)
Total tax charge for the year	**122,108**	218,574

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

12. Intangible assets

Group

	Computer software £	Goodwill £	Total £
Cost			
At 1 July 2016	**1,420,927**	**236,984**	**1,657,911**
Additions	**429,198**	**-**	**429,198**
At 30 June 2017	**1,850,125**	**236,984**	**2,087,109**
Accumulated amortisation			
At 1 July 2016	**498,691**	**80,019**	**578,710**
Charge for the year	**304,339**	**35,548**	**339,887**
At 30 June 2017	**803,030**	**115,567**	**918,597**
Net book value			
At 30 June 2017	**1,047,095**	**121,417**	**1,168,512**
At 30 June 2016	922,235	156,965	1,079,200

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

13. Tangible assets

Group

	Freehold property £	Office equipment £	Total £
Cost			
At 1 July 2016	**542,820**	**316,919**	**859,739**
Additions	**-**	**3,366**	**3,366**
At 30 June 2017	**542,820**	**320,285**	**863,105**
Accumulated depreciation			
At 1 July 2016	**-**	**260,496**	**260,496**
Charge for the year	**-**	**17,673**	**17,673**
At 30 June 2017	**-**	**278,169**	**278,169**
Net book value			
At 30 June 2017	**542,820**	**42,116**	**584,936**
At 30 June 2016	542,820	56,423	599,243

The freehold property is subject to a fixed charge.

The Society does not hold any tangible assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

14. Investments

Group

	Investments £
Cost	
At 1 July 2016	**409,712**
At 30 June 2017	**409,712**
Net book value	
At 30 June 2017	**409,712**
At 30 June 2016	409,712

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.

Society

	Subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 July 2016	**911,066**	**7,571**	**918,637**
At 30 June 2017	**911,066**	**7,571**	**918,637**
Net book value			
At 30 June 2017	**911,066**	**7,571**	**918,637**
At 30 June 2016	911,066	7,571	918,637

14. Investments (continued)

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.

15. Stocks

	Group 2017 £	Group 2016 £	**Society 2017 £**	Society 2016 £
Finished goods and goods for resale	**2,094,484**	5,833,009	**-**	-

16. Debtors

	Group 2017 £	Group 2016 £	**Society 2017 £**	Society 2016 £
Trade debtors	**9,322,283**	9,676,149	**-**	-
Amounts owed by group undertakings	**-**	-	**431,806**	420,000
Other debtors	**7,267,346**	10,272,611	**-**	-
Corporation tax	**-**	363,508	**-**	-
Deferred taxation	**-**	36,044	**-**	-
Forward grain commitment (note 18)	**98,601**	-	**-**	-
Derivative financial instruments (Note 18)	**-**	68,888	**-**	-
	16,688,230	20,417,200	**431,806**	420,000

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

17. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	**Society 2017 £**	Society 2016 £
Bank overdrafts	**-**	3,821,255	**-**	-
Trade creditors	**9,018,716**	8,485,585	**-**	-
Amounts owed to group undertakings	**-**	-	**290,372**	290,376
Corporation tax	**25,069**	-	**-**	-
Other taxation and social security	**36,782**	-	**-**	-
Accrued dividend	**431,806**	420,000	**431,806**	420,000
Accruals and deferred income	**6,138,706**	6,251,043	**-**	-
Derivative financial instruments (Note 18)	**277,499**	788,215	**-**	-
	15,928,578	19,766,098	**722,178**	710,376

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

Any overdraft is secured against the assets of the Group

18. Financial instruments

	Group 2017 £	Group 2016 £
Financial assets		
Financial assets measured at amortised cost	**16,588,365**	19,948,760
Financial assets measured at fair value - Derivative financial instruments	**-**	68,888
Financial assets measured at fair value and held as cash flow hedges - Forward grain commitment	**98,601**	-
Financial liabilities		
Financial liabilities measured at amortised cost	**(15,589,233)**	(18,557,883)
Financial liabilities measured at fair value and held as cash flow hedges - Derivative financial instruments	**(178,898)**	(788,215)
Financial liabilities measured at fair value and held as fair value hedges - Derivative financial instruments	**(98,601)**	-

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

Financial liabilities measured at amortised cost comprise comprise trade creditors, bank overdraft, amounts owed to group undertakings 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. All contracts taken out are hedges of underlying sales and purchases and the Group does not trade speculatively. When these derivative financial instruments can meet the criteria for hedge accounting in FRS102, hedge accounting is applied. This is the case for both currency and commodity contracts in the current year.

At 30 June 2017, the fair value of currency contracts held as cash flow hedges was a liability of £178,958 (2016: liability of £788,215). The fair value of commodity contracts held as fair value hedges was a liability of £98,601 (2016: £Nil).

In 2016, these commodity contracts were measured at fair value through profit and loss and the change in fair value during the year of £94,640 was recognised separately in the profit and loss account as an unrealised loss. During the current year, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

19. Deferred taxation

Group

	2017 £
At beginning of year	**36,044**
Charged to profit or loss	**14,920**
Charged to other comprehensive income	**(111,465)**
At end of year	**(60,501)**

The deferred taxation balance is made up as follows:

	Group 2017 £	Group 2016 £
Accelerated capital allowances	**(90,914)**	(96,203)
Unrealised gains and losses on derivatives	**30,413**	129,479
Short-term timing difference	**-**	2,768
	(60,501)	36,044

The Society has no deferred tax balances.

20. Members' shares

	Active shares £	Forfeited shares £
At 1 July 2016	**28,380**	98,995
New issues	**1,635**	-
At 30 June 2017	**30,015**	98,995

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-transferrable.

During the year, new member shares of £1,635 were issued (2016: £855). 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

21. Reserves

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 reserve

The other reserve consists of a balance set aside from the income and expenditure account to cover the risk of potential future bad debts.

22. 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 £102,678 (2016: £107,907).

23. Distribution

	2017	2016
	£	£
Distribution declared during the year	**425,000**	420,000

The group paid a dividend of £413,194 to its members in relation to the dividend declared in 2016. The balance amount of £6,806 is included in the dividend accrual for the current year.

24. Commitments under operating leases

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

	Group 2017	Group 2016
	£	£
Not later than 1 year	**106,540**	83,607
Later than 1 year and not later than 5 years	**75,926**	127,129
	182,466	210,736

The Society has no commitments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

25. Related parties

Advantage has been taken of the exemption from disclosing transactions and balances with other group companies as permitted by the exemption disclosed in note 2.3.

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 2017:

	Sales value £	Purchases value £	Balance owed at 30 June 2017 £
Interested director - United Oilseeds Marketing Limited			
J A Elliot	**7,407**	**702,790**	**-**
T Stuart	**18,726**	**221,090**	**11,171**
R Hall	**10,253**	**191,329**	**1,298**
A Cragg	**4,020**	**4,164**	**-**
T Westgarth	**11,506**	**320,898**	**78**

Information relating to the year ended 30 June 2016:

	Sales value £	Purchases value £	Balance owed at 30 June 2016 £
Interested director			
J A Elliot	2,925	1,156,632	-
T Stuart	30,270	212,613	-
D Hall	6,285	147,665	70,608
A Cragg	705	106,480	3,646
T Westgarth	12,355	326,745	-