

Society Number: 20341R

UNITED OILSEED PRODUCERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

UNITED OILSEED PRODUCERS LIMITED

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UNITED OILSEED PRODUCERS LIMITED

SOCIETY INFORMATION

Directors	T Stuart A Cragg (Chairman) R Hall T Westgarth B Jackson C McGregor
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 2019

The directors present the Strategic Report of United Oilseed Producers Limited and its subsidiaries (the "Group") for the year ended 30 June 2019.

Review of the business

The Group's surplus for the financial year including unrealised gains and losses on derivatives amounted to £1,223,808 (2018: £32,594). Total Group members' funds at 30 June 2019 were £11,366,651 (2018: £10,293,171).

The Society's result for the financial year is loss of £3 (2018: £2). Total society members' funds at 30 June 2019 were £661,579 (2018: £659,662).

The directors are satisfied 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 £1,223,808, is a significant achievement in what has been another challenging year with growers having to deal with drought conditions and the continued problem with flea beetle which made crop establishment difficult, during the year the UK lost 13% of the UK crop.

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

- A strong trading performance with trading margin across all commodities of £4,552,431. Fixed price trading margin was our highest unit margin for the last 10 years, this was due to trading added value types of Oilseed Rape ("OSR"). Other commodities performed well, with the volume of contracted Oats up on previous years.
- Cash: as at 30 June 2019 the Group had cash at bank of £10,062,985 compared to £5,277,983 as at 30 June 2018.
- Seed sales fell during the year due to the lower hectareage planted. This was exacerbated, as our exclusive variety, Django, did not get on to the AHDB list. However, they still made a healthy contribution of £1.0m.

Once again, the pool volumes increased moving from 193,294 tonnes in FY18 to 222,405 tonnes in FY19, an impressive 15.1% increase – a reflection of the high regard the United Oilseeds traders are held in. The increase is even more impressive when considering that the planted area of OSR fell by 13% in the year. This gives the Group the UK's largest tonnage of OSR under pool management.

Key performance indicators

Oilseed rape sales volumes decreased to 499,216 metric tonnes (2018: 522,019 MT).

The directors monitor the profitability of the business. The measure used is profit before tax excluding unrealised derivative gains and losses, which was £1,527,608 (2018: £36,969) for the year.

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.

UNITED OILSEED PRODUCERS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

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, draught and flea beetle has continued to hamper crop establishment, leading to estimated 13% loss of the UK crop.

The area of planted Oilseed Rape has also fallen by 13% in the year. This had an impact on the tonnage of Oilseed rape traded, falling from 522,019 tonnes in FY19 to 499,215 tonnes in FY20.

Future developments

The Group has just completed the negotiations on a new three year supply agreement with a significant UK crusher securing a large tonnage until 2022.

United Oilseeds market share of the 'healthy' rapeseed -- high Oleic, low linolenic (HOLL) has continued to increase, there was an increase of 17.5% hectares of HOLL planted in the UK over the previous year. The seed sales % of market share was maintained at 22%, this is expected to increase in FY20 as United Oilseeds has secured exclusivity with Acacia, a conventional variety, and Aurelia, a hybrid variety. These are the top two varieties on the AHDB list for 2020.

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



T Stuart
Director

Date: 19 December 2019

UNITED OILSEED PRODUCERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

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 Oilseeds Producers Limited and its subsidiaries (the "Group") for the year ended 30 June 2019.

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 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.

Results and dividends

The surplus for the financial year amounted to £1,223,808 (2018: £32,594).

No dividend was declared and paid during the year relating to financial year ended 30 June 2019 (2018: £340,000). In addition, no dividends (2018: £431,806) were paid during the year relating to prior years.

Charitable donations

During the financial year the Group made non-political charitable donations amounting to £1,555 (2018: £1,375).

UNITED OILSEED PRODUCERS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

Directors

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

T Stuart
R Hall
T Westgarth
B Jackson
C McGregor
B Jackson

Directors' Indemnities

The Group maintains liability insurance for its directors and officers. Throughout the year to 30 June 2019, 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.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report 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;
- 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.

UNITED OILSEED PRODUCERS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

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

Date: 19 December 2019

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 2019 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 2019; 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

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.

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

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.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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 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.

UNITED OILSEED PRODUCERS LIMITED

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

Other required reporting

Companies Act 2006 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: 19 December 2019

UNITED OILSEED PRODUCERS LIMITED

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £	2018 £
Turnover	4	132,973,095	156,119,771
Cost of sales		(128,420,664)	(153,052,689)
Trading surplus		4,552,431	3,067,082
Administrative expenses		(3,225,900)	(2,864,446)
Operating surplus before unrealised gains/(losses) on forward contracts	10	1,326,531	202,636
Unrealised gain on commodity forward contracts		-	48,275
Operating Surplus after unrealised gains/(losses) on forward contracts		1,326,531	250,911
Interest receivable and similar income	8	237,922	222,064
Interest payable and similar expenses	9	(36,845)	(47,731)
Distribution of surplus		-	(340,000)
Surplus before taxation		1,527,608	85,244
Tax on surplus	11	(303,800)	(52,650)
Surplus for the financial year		1,223,808	32,594
Surplus for the financial year attributable to:			
Owners of the parent		1,223,808	32,594
All activities relate to continuing operations.			

The surplus before tax shown above consists of:

Surplus before tax excluding unrealised gains and losses on derivatives *	10	1,527,608	36,969
Unrealised gains and losses on derivatives	19	-	48,275
Surplus before taxation		1,527,608	85,244

* 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.

UNITED OILSEED PRODUCERS LIMITED

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 £	2018 £
Surplus for the financial year	1,223,808	32,594
Other comprehensive income:		
Changes in fair value of cash flow hedges	(183,431)	189,100
Total tax on components of other comprehensive income	31,183	(32,137)
Other comprehensive income for the financial year, net of tax	(152,248)	156,963
Total comprehensive income for the financial year	1,071,560	189,557

UNITED OILSEED PRODUCERS LIMITED

**SOCIETY'S INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	£	£
Income from shares in subsidiary	-	340,000
Distribution	-	(340,000)
Interest expense	(3)	(2)
Deficit before taxation	(3)	(2)
Tax on deficit	-	-
Deficit for the financial year	(3)	(2)

All activities relate to continuing operations.

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

UNITED OILSEED PRODUCERS LIMITED
REGISTERED NUMBER: 20341R

GROUP BALANCE SHEET
AS AT 30 JUNE 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	564,686	848,305
Tangible assets	13	566,975	581,407
Investments	14	346,775	347,212
		<u>1,478,436</u>	<u>1,776,924</u>
Current assets			
Stocks	15	3,391,986	7,721,128
Debtors	16	14,552,434	14,359,106
Cash at bank and in hand	17	10,062,985	5,277,983
		<u>28,007,405</u>	<u>27,358,217</u>
Creditors: amounts falling due within one year	18	<u>(18,103,575)</u>	<u>(18,761,685)</u>
Net current assets		<u>9,903,830</u>	<u>8,596,532</u>
Total assets less current liabilities		<u>11,382,266</u>	<u>10,373,456</u>
Provisions for liabilities			
Deferred taxation	20	(15,615)	(80,285)
Net assets		<u>11,366,651</u>	<u>10,293,171</u>
Capital and reserves			
Active shares	21	32,745	30,825
Forfeited shares	21	98,995	98,995
Capital redemption reserve	22	5,434	5,434
Cash flow hedge reserve	22	(212,657)	(60,409)
Other reserves	22	250,000	250,000
Profit and loss account	22	11,192,134	9,968,326
Total members' funds		<u>11,366,651</u>	<u>10,293,171</u>

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


T Stuart
 Director


R Hall
 Director

Date: 19 December 2019

UNITED OILSEED PRODUCERS LIMITED
REGISTERED NUMBER: 20341R

SOCIETY BALANCE SHEET
AS AT 30 JUNE 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	14	918,637	918,637
Current assets			
Cash at bank and in hand	17	33,255	31,397
		<u>33,255</u>	<u>31,397</u>
Creditors' amounts falling due within one year	18	(290,313)	(290,372)
Net current liabilities		<u>(257,058)</u>	<u>(258,975)</u>
Total assets less current liabilities		<u>661,579</u>	<u>659,662</u>
Capital and reserves			
Active shares	21	32,745	30,825
Forfeited shares	21	98,995	98,995
Profit and loss account	22	529,839	529,842
Total members' funds		<u>661,579</u>	<u>659,662</u>

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


T Stuart
Director


R Hall
Director

Date: 19 December 2019

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 other components of comprehensive income	-	-	-	31,183	-	-	31,183
Total comprehensive income for the financial year	-	-	-	(152,248)	-	1,223,808	1,071,560
New share capital subscribed	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 20 to 38 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Active shares £	Forfeited shares £	Capital reserve £	Cash flow hedge reserve £	Other reserve £	Profit and loss account £	Total members' funds £
At 1 July 2017	30,015	98,995	5,434	(217,372)	250,000	9,935,732	10,102,804
Comprehensive income for the financial year							
Surplus for the financial year	-	-	-	-	-	32,594	32,594
Unrealised gains and losses on cash flow hedges	-	-	-	189,100	-	-	189,100
Tax on unrealised gains and losses	-	-	-	(32,137)	-	-	(32,137)
Other comprehensive income for the financial year							
	-	-	-	156,963	-	-	156,963
Total comprehensive income for the financial year							
	-	-	-	156,963	-	32,594	189,557
Contributions by and distributions to owners							
New share capital subscribed	810	-	-	-	-	-	810
Total transactions with owners							
	810	-	-	-	-	-	810
At 30 June 2018	30,825	98,995	5,434	(60,409)	250,000	9,968,326	10,293,171

The notes on pages 20 to 38 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED

**SOCIETY'S STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Active shares £	Forfeited shares £	Profit and loss account £	Total members' funds £
At 1 July 2017	30,015	98,995	529,844	658,854
Comprehensive expense for the financial year				
Deficit for the financial year	-	-	(2)	(2)
Total comprehensive expense for the financial year	-	-	(2)	(2)
Contributions by and distributions to owners				
New share capital subscribed	810	-	-	810
Total transactions with owners	810	-	-	810
At 30 June 2018 and 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)
New share capital subscribed	1,920	-	-	1,920
At 30 June 2019	32,745	98,995	529,839	661,579

The notes on pages 20 to 38 form part of these financial statements.

UNITED OILSEED PRODUCERS LIMITED

**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	1,223,808	32,594
Adjustments for:		
Amortisation of intangible assets	345,839	380,516
Depreciation of tangible assets	16,868	17,894
Loss on disposal of tangible assets	421	-
Interest paid	36,845	47,731
Interest received	(237,922)	(222,064)
Taxation charge	303,800	52,650
Decrease/(increase) in stocks	4,329,142	(5,626,644)
(Increase)/decrease in debtors	(346,533)	2,481,112
(Decrease)/increase in creditors	(1,070,426)	3,411,734
Corporation tax received/(paid)	113,311	(194,944)
Unrealised gain on commodity forward contracts	-	(48,275)
Distribution of surplus	-	340,000
Net cash generated from operating activities	4,715,153	672,304
Cash flows from investing activities		
Purchase of intangible assets	(62,221)	(60,309)
Purchase of tangible assets	(2,857)	(14,365)
Interest received	237,922	222,064
Store loans recovered during the year	437	62,500
Net cash from investing activities	173,281	209,890
Cash flows from financing activities		
Interest paid	(36,845)	(47,731)
Distribution paid to members	-	(771,806)
New member share capital subscribed	1,920	810
Net cash used in financing activities	(34,925)	(818,727)
Net increase in cash and cash equivalents	4,853,509	63,467
Cash and cash equivalents at beginning of financial year	5,209,476	5,146,009
Cash and cash equivalents at the end of financial year (note 17)	10,062,985	5,209,476

UNITED OILSEED PRODUCERS LIMITED

**GROUP STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 £	2018 £
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	10,062,985	5,277,983
Bank overdrafts	-	(68,507)
Cash and cash equivalents at the end of financial year (note 17)	10,062,985	5,209,476

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 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 2018 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.

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 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 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.

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 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.

2.14 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 profit and loss account.

2.16 Finance costs

Finance costs are charged to the Consolidated Profit and Loss 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.

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 £69,694,203 (2018: £63,674,901).

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 2019

4. Turnover

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

	2019 £	2018 £
Oilseed rape and other seed sales	131,968,112	155,153,291
Commission on pool sales	1,004,983	966,480
	<u>132,973,095</u>	<u>156,119,771</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	96,109,999	124,116,891
Rest of Europe	36,863,096	32,002,880
	<u>132,973,095</u>	<u>156,119,771</u>

5. Auditors' remuneration

	2019 £	2018 £
Audit of the society's subsidiaries	36,200	35,200

Fees payable to the Group's auditors in respect of:

Taxation compliance services	21,680	11,700
All other services	5,950	5,700

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 2019

6. Employees

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

	Group 2019 £	Group 2018 £	Society 2019 £	Society 2018 £
Wages and salaries	1,834,957	1,517,949	-	-
Social security costs	227,139	204,154	-	-
Cost of defined contribution scheme	110,813	106,641	-	-
	<u>2,172,909</u>	<u>1,828,744</u>	<u>-</u>	<u>-</u>

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

	2019	2018
	Number	Number
Trading	13	13
Administration	17	17
	<u>30</u>	<u>30</u>

The Society does not have any employees (2018: none).

7. Directors' remuneration

	2019 £	2018 £
Aggregate directors' remuneration	<u>107,220</u>	<u>97,191</u>

8. Interest receivable and similar income

	2019 £	2018 £
On short term cash deposits and member advances	<u>237,922</u>	<u>222,064</u>

UNITED OILSEED PRODUCERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

9. Interest payable and similar expenses

	2019 £	2018 £
On bank overdrafts	<u>36,845</u>	<u>47,731</u>

10. Operating surplus before taxation

Surplus before taxation is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible assets	16,868	17,894
Amortisation of intangible assets	345,839	380,516
Release of prior year accruals	-	(254,496)
Operating lease payments in respect of plant and machinery	<u>84,721</u>	<u>66,709</u>

11. Tax on surplus

	2019 £	2018 £
Corporation tax		
Current tax on surplus for the year	337,251	65,181
Adjustments in respect of prior years	36	(178)
Total current tax	<u>337,287</u>	<u>65,003</u>
Deferred tax		
Origination and reversal of timing differences	(37,407)	(13,977)
Adjustment in respect of prior years	-	153
Effect of changes in tax rates	3,920	1,471
Total deferred tax	<u>(33,487)</u>	<u>(12,353)</u>
Total tax	<u><u>303,800</u></u>	<u><u>52,650</u></u>

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 19.00% (2018: 19.00%). The differences are explained below:

	2019 £	2018 £
Surplus before taxation	1,527,608	85,244
Surplus before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	290,246	16,196
Effects of:		
Expenses not deductible for tax purposes	5,367	35,008
Adjustments in respect of prior years	36	(25)
Change in tax rate	3,920	1,471
Other timing differences	4,231	-
Total tax charge for the year	303,800	52,650

Factors that may affect future tax charges

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

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

12. Intangible assets

Group

	Computer software £	Goodwill £	Total £
Cost			
At 1 July 2018	1,906,077	236,984	2,143,061
Additions	62,220	-	62,220
At 30 June 2019	1,968,297	236,984	2,205,281
Accumulated amortisation			
At 1 July 2018	1,143,640	151,116	1,294,756
Charge for the year	310,292	35,547	345,839
At 30 June 2019	1,453,932	186,663	1,640,595
Net book value			
At 30 June 2019	514,365	50,321	564,686
At 30 June 2018	762,437	85,868	848,305

UNITED OILSEED PRODUCERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

13. Tangible assets

Group

	Freehold property £	Office equipment £	Total £
Cost			
At 1 July 2018	542,820	339,008	881,828
Additions	-	2,857	2,857
Disposals	-	(1,240)	(1,240)
At 30 June 2019	542,820	340,625	883,445
Accumulated depreciation			
At 1 July 2018	-	300,421	300,421
Charge for the year	-	16,868	16,868
Disposals	-	(819)	(819)
At 30 June 2019	-	316,470	316,470
Net book value			
At 30 June 2019	542,820	24,155	566,975
At 30 June 2018	542,820	38,587	581,407

The freehold property is subject to a fixed charge.

The Society does not hold any tangible assets (2018: none)

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

14. Investments

Group

	Investments £
Cost	
At 1 July 2018	347,212
Disposals	(437)
At 30 June 2019	<u>346,775</u>

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

	Investments in subsidiary companies £	Other investments £	Total £
Cost or net book value			
At 1 July 2018	911,066	7,571	918,637
At 30 June 2019	<u>911,066</u>	<u>7,571</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.

UNITED OILSEED PRODUCERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

15. Stocks

	Group 2019 £	Group 2018 £
Finished goods and goods for resale	3,391,986	7,721,128

16. Debtors

	Group 2019 £	Group 2018 £
Trade debtors	13,559,251	13,315,339
Other debtors and prepayments	919,322	793,178
Corporation tax	-	104,930
Derivative financial instruments (Note 18)	73,861	145,659
	14,552,434	14,359,106

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

17. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Society 2019 £	Society 2018 £
Cash at bank and in hand	10,062,985	5,277,983	33,255	31,397
Less: bank overdrafts	-	(68,507)	-	-
Cash and cash equivalents	10,062,985	5,209,476	33,255	31,397

UNITED OILSEED PRODUCERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

18. Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Society 2019 £	Society 2018 £
Bank overdrafts	-	68,507	-	-
Trade creditors	16,263,694	18,074,162	-	-
Amounts owed to group undertakings	-	-	290,313	290,372
Corporation tax	337,298	-	-	-
Other taxation and social security	-	165,718	-	-
Forward Grain commitment	73,861	87,240	-	-
Other creditors	193,860	-	-	-
Accruals and deferred income	1,061,575	366,058	-	-
Derivative Financial instruments	173,287	-	-	-
	18,103,575	18,761,685	290,313	290,372

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.

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

19. Derivative financial instruments

	Group 2019 £	Group 2018 £	Society 2019 £	Society 2018 £
Financial assets				
Financial assets measured at amortised cost	14,460,931	14,108,517	-	-
Financial assets measured at fair value and held as cash flow hedges				
- Derivative financial instruments	-	10,144	-	-
Financial assets measured at fair value and held as fair value hedges				
- Derivative financial instruments	73,861	87,240	-	-
Financial assets measured at fair value through profit or loss	-	48,275	-	-
	<u>14,534,792</u>	<u>14,254,176</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(17,809,441)	(18,799,099)	(290,313)	(290,372)
Financial liabilities measured at fair value and held as fair value hedges				
- Forward Grain commitment	(73,861)	(87,240)	-	-
Financial liabilities measured at fair value and held as cash flow hedges				
- Derivative financial instruments	(173,287)	-	-	-
	<u>(18,056,589)</u>	<u>(18,886,339)</u>	<u>(290,313)</u>	<u>(290,372)</u>

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, 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 with the exception of one trade of £48,275 which was approved by the board. This trade is recognised at fair value through profit and loss. Apart from the above, the group does not trade speculatively. 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 2019, the fair value of currency contracts held as cash flow hedges was a liability of £173,287 (2018: asset of £10,144). The fair value of commodity contracts held as fair value hedges was an asset of £73,861 (2018: £87,240).

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.

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

20. Deferred taxation

Group

	2019 £
At beginning of year	(80,285)
Charged to profit or loss	33,488
Charged to other comprehensive income	31,182
At end of year	(15,615)

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £
Accelerated capital allowances	(28,394)	(59,101)
Unrealised gains and losses on derivatives	12,779	(21,184)
	(15,615)	(80,285)

The Society has no deferred tax balances (2018: none).

21. Members' shares

	Active shares £	Forfeited shares £
At 1 July 2018	30,825	98,995
New issues	1,920	-
At 30 June 2019	32,745	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-transferable.

During the year, new member shares of £1,920 were issued (2018: £810). 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 2019

22. 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 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.

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 £110,813 (2018: £106,641).

24. Distribution

	2019 £	2018 £
Distributions paid and declared in the year	-	340,000

25. Commitments under operating leases

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

	Group 2019 £	Group 2018 £
Not later than 1 year	74,408	64,383
Later than 1 year and not later than 5 years	306,184	25,761
	<u>380,592</u>	<u>90,144</u>

The Society has no commitments (2018: none).

UNITED OILSEED PRODUCERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019:

	Sales value £	Purchases value £	Balance owed at 30 June 2019 £
Interested director			
H Casey	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	210	-	-
C McGregor	-	1,148,355	-
B Jackson	20,535	1,676,289	13,941

Information relating to the year ended 30 June 2018:

	Sales value £	Purchases value £	Balance owed at 30 June 2018 £
Interested director			
J A Elliot	14,246	2,080,000	4,609
T Stuart	22,430	378,962	12,810
R Hall	7,140	136,072	-
A Cragg	5,468	-	(30)
T Westgarth	11,040	426,660	624
C Baldwin	125	-	-
C McGregor	-	86,611	-

27. Ultimate Controlling party

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