



Annual Report

YEAR END 2019

www.anmgroup.co.uk

ANM
GROUP
ESTABLISHED 1872



ANM Group is community-owned and Scotland's most progressive farming, food and finance business. We are people-centred, proudly sharing the proceeds of our success with our members since 1872.

ANM GROUP

ESTABLISHED 1872

CONTENTS

- 4 CHIEF EXECUTIVE'S REPORT
- 5 CHAIRMAN'S REPORT
- 6 DIRECTORS' REPORT
- 7 CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
- 8 CONSOLIDATED STATEMENT
OF FINANCIAL POSITION
- 9 NOTES ON CONSOLIDATED
FINANCIAL STATEMENTS

As a leading co-operative enterprise, we bring together inter-related rural businesses forming a unique and integrated offer for our clients.

LIVESTOCK MARKETING

Aberdeen & Northern Marts
Direct Marketing Services

SPECIALIST VALUATION & AUCTION SERVICES

Thainstone Specialist Auctions

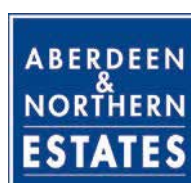
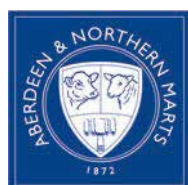
ESTATE AGENCY SERVICES AND VALUATIONS

Aberdeen & Northern
(Estates) Limited

CATERING SERVICES & EVENT MANAGEMENT

Thainstone Events

ANM GROUP COMPANIES



Working hard to innovate . . . We're leading from the front when it comes to delivering benefits for our members.



Grant Rogerson
**CHIEF
EXECUTIVE**

It can often be said that uncertainty brings opportunity and that is how we view the challenges which we face, underpinned by the fundamental commitment on which our co-operative is built - to serve our members, customers and the local community.

During the past 12 months we have worked hard to innovate and seize new opportunities - while managing the cost pressures we face and driving efficiencies wherever we can. We have done that against a backdrop of uncertainty over Brexit, along with other policy headwinds.

Doing that has enabled us to pay a 2% dividend to shareholders this year, after returning a trading profit for the year of £245,000. In addition, we have strengthened the balance sheet by an encouraging £1.3m, not least of all through the change in investment strategy yielding substantial benefit to our defined benefit pension scheme.

No better place to sell

We appreciate that trading conditions are difficult for our members. However, we know that the live auction ring is the best place for you to do business in order to achieve the fairest and most competitive prices whether that be livestock or machinery. We've proven that again this year and are pleased to report that, while values generally have fluctuated - reflecting commodity prices across the board - ANM has consistently achieved amongst the best prices in Scotland.

People can clearly see the benefits of joining our co-operative family, with over £309,000 secured this year in member investment. Indeed, since we launched our new market-leading commission rates for members, we have seen an extraordinary 287 additional investments in member shareholdings - a large number of which are new members. Our transformational change to livestock commission rates from 1st January - bringing significant savings for shareholders in our co-operative - has attracted nationwide attention for the way it rewards the loyalty of those who invest in our business and use our services.

Our teams pride themselves in their customer-focus and constantly adapt to the changing environment ensuring they deliver quality service and advice across all our markets. To further strengthen our livestock division our team has been reinforced by the arrival of Robin Anderson as Head of Operations to lead the livestock team alongside John Angus.

Our divisions and their teams are to be commended for delivering positive results in a challenging climate. As I've said, I'm delighted to see the auction division achieving strong livestock values against other marts and TSA once again delivered very strong numbers for our collective sale of plant,

machinery and equipment. Aberdeen & Northern Estates has grown its market share in what proved a Brexit impacted year for trading and Thainstone Events traded well throughout the year with a positive outturn.

Continuing market-leading innovation

Of course, it is not just in the sales ring where we are innovating. ANM Group is not just a market-day operation. We're a 24/7 business with a wide number of interests. Our true strength lies in our diversity and ability to make changes on a number of fronts, not least of all to help us mitigate overhead cost increases across the Group's operations.

Our Think Thainstone campaign will continue to be a focus for us in widening awareness of Thainstone's key place in the local economy. We want more and more people to Think Thainstone - highlighting the strength of our site and asking for you to trust us to serve more of your needs.

Our major long-term projects include the Thainstone Business Park extension, which will further strengthen our balance sheet while bringing significant opportunities for our local community and the wider regional economy. We have been developing the abattoir site for ScotBeef Inverurie, which is now complete and ready for their development. Encouragingly, we have had other strong enquiries from businesses interested in locating on the Park, however, the market across the North East remains challenging.

Across the wider group, we are working hard to cement our leadership in each individual sector - whether it is Aberdeen & Northern Estates, Thainstone Events, Thainstone Specialist Auctions or Aberdeen & Northern Marts, our priority is to provide high service levels and real value for our members and customers.

Against an uncertain backdrop, this is a strong financial outturn for our co-operative over the past 12 months, but you play a vital part in allowing us to continue this trend. Ours is a business which invests in its own future. The more trade that's brought to our rings and the more support given to our other divisions - the more all of us will benefit. I hope every member will continue to encourage others to do business here at Thainstone or in Caithness.

Think Thainstone - your family business

ANM is not just our business, it's yours. These results demonstrate that, with your continued support we will continue to invest for the long-term to ensure we bring our members the strongest returns and ensure the foundations are firm for a business which is fit for the future.

**"ANM is not just our business, it's yours.
These results demonstrate that."**

More than ever, people recognise our marts as fantastic places to do business, where their support is rewarded.



Peter Watson
CHAIRMAN

Loyalty is at the heart of our business at ANM and I am delighted that in the past year we have been able to develop industry-leading incentives to reward you, our loyal shareholders.

With your support we are able to invest in the future of our business and we never lose sight of the valuable role you play, so it has been extremely pleasing to see a growing number of members join our co-operative this year, ensuring that we can positively look forward as we plan to meet the challenges of the years ahead.

I am proud to be able to share the fact that we have cut commission rates for all stock to as low as 3% for our members as part of our ongoing effort to deliver greater value for our shareholders. This is in addition to the highly competitive rates and members discounts in place across our other divisions. Growing numbers of people Think Thainstone first, recognising our marts at Thainstone and Caithness as fantastic places to do business, where their support is valued.

As we look to attract even more people to buy and sell with us, I would encourage you to share with them the benefits of being a shareholder in an innovative co-operative investing in its own future. The climate in which we operate may be uncertain to say the least, but the certainty of your support is what gives us the confidence in our continued evolution as we adapt to the ever-changing challenges of operating a market-leading rural enterprise.

“As we look to attract even more people to buy and sell with us, I would encourage you to share with them the benefits of being a shareholder in an innovative co-operative investing in its own future.”

Ensuring we have the best possible people in the business is important, as is ensuring we secure the best possible prices in the most competitive arena - the live auction ring. Once again, I would like to thank our Chief Executive, Grant Rogerson, the executive team, senior managers and all our staff for their continued hard work. The Board believes that ANM is a special business to be part of and never take for granted the fact that delivering our strong strategic vision depends on a knowledgeable and skilled team.

“ANM is a special business to be part of..”

We are proud of our part in the community and delighted to be able to support charitable endeavours wherever we can. So I was delighted at the £64,000 raised for cancer charity Friends of Anchor at the fantastic event staged in January to mark the 30th anniversary of Thainstone Centre. There could not have been a more inspiring way to celebrate our birthday here.

On a personal note, my three-year term as Chairman comes to an end in April. I have taken a huge amount of satisfaction from this most rewarding of roles and being part of some significant and positive change. We have a strong team of directors and board members and I know that the focus on planning for the future will remain central to Board deliberations.

In order to maintain a level of continuity, I have elected to take up the option available to extend my period as Chairman of the Board. I'm delighted that the Board has supported me in that intention. These are challenging times, but we are optimistic and ambitious for the future.

A relentless focus on developing innovative solutions and new routes to market for those we serve across the local economy.

The directors submit their report and accounts for the year ended 31 December 2019.

The principal activity of the society is the operation of livestock auction marts throughout the North-East of Scotland. The society's wholly owned subsidiaries during 2019 were:

- (i) **Aberdeen & Northern (Estates) Limited**, which trades as an estate agency.
- (ii) **Thainstone Events Limited**, which is a catering company.
- (iii) **Thainstone Leasing Company Limited**, which is a vehicle sales and leasing company.
- (iv) **Scotch Premier Meat Limited, YPM 2012 Limited and Taste of Grampian Limited**, which are non-trading companies.

RESULTS AND DISTRIBUTION TO MEMBERS

The Group results for the year are detailed in the extract of accounts attached.

A dividend of 2.00% is paid on share capital. The trading profit for the year amounts to £245,000.

The directors of the society at 31 December 2019 were; D Green, A Hutcheon, T Johnston, M Macaulay, A Mitchell, J Mitchell, G Rogerson, S Stephen, N Thow and P Watson.

In terms of the society's Rules, P Watson and S Stephen were to retire as directors at the Annual General Meeting and be eligible for re-election. P Watson and S Stephen being the only candidates nominated for election to the Board, are in terms of the Rules, duly re-elected.

AUDITORS

The auditors, Campbell Dallas Audit Services, are reappointed for the current year.

By order of the Directors
LC Secretaries Limited
Secretary
ANM Group Ltd
Thainstone Centre
Inverurie AB51 5XZ

BANKERS

Clydesdale Bank PLC.
Thainstone Branch and Branches

REGISTERED OFFICE

Thainstone Centre
Inverurie AB51 5XZ
Incorporated under the Industrial
Provident Societies Acts
No 1231 R(S)

AUDITORS

Campbell Dallas Audit Services
Statutory Auditor

CURRENT DIRECTORS



PETER WATSON
CHAIRMAN



MIKE MACAULAY
VICE-CHAIRMAN



TOM JOHNSTON
DEPUTY VICE-CHAIRMAN



ANNA MITCHELL
DIRECTOR



DAVID GREEN
DIRECTOR



JANE MITCHELL
DIRECTOR



ALAN HUTCHEON
DIRECTOR



GRANT ROGERSON
CHIEF EXECUTIVE



STUART STEPHEN
DIRECTOR



NORMAN THOW
DIRECTOR



NICOLA BRICE
GROUP ACCOUNTANT



AVRIL MCLEOD
GROUP EXECUTIVE
SUPPORT MANAGER

SECRETARY
LC Secretaries Limited

Consolidated statement of comprehensive income for year ended 31 December 2019

	NOTES	2019 £'000	2018 £'000
THROUGHPUT	1	117,221	126,780
TURNOVER	1	8,510	8,844
OPERATING (LOSS)/PROFIT		(99)	208
Interest receivable and similar income		554	509
Interest payable and similar charges		(210)	(219)
TRADING PROFIT	2	245	498
Investment property revaluations		-	(144)
Movement in provisions		(128)	(112)
Rates rebate for previous years		127	-
Restructuring costs		(70)	-
Surplus on revaluation realised		-	3
Defined benefit pension scheme	3	(200)	(159)
Interest on share capital - at 2.00% (2018 – 2.25%)		(134)	(143)
(LOSS) ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS		(160)	(57)
Exceptional cost – guaranteed minimum pension equalisation	3	-	(266)
(LOSS) ON ORDINARY ACTIVITIES AFTER EXCEPTIONAL ITEMS		(160)	(323)
Taxation for year		-	3
Deferred tax movement on defined benefit pension scheme		(18)	(14)
(LOSS) FOR THE FINANCIAL YEAR		(178)	(334)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
(LOSS) FOR THE FINANCIAL YEAR		(178)	(334)
OTHER COMPREHENSIVE INCOME			
Remeasurements of net defined benefit obligation		1,449	(1,021)
Deferred tax movement relating to actuarial (gain)/loss		(246)	173
Deferred tax relating to revaluation reserve		-	12
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		1,203	(836)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		1,025	(1,170)

Consolidated statement of financial position as at 31 December 2019

	NOTES	2019 £'000	2018 £'000
FIXED ASSETS			
Tangible assets	4	27,185	23,285
Investment properties	5	5,388	5,359
Investments	6	464	509
		<u>33,037</u>	<u>29,153</u>
CURRENT ASSETS			
Stocks and work in progress		105	77
Livestock		7,238	6,987
Debtors	7	5,870	4,691
Cash in hand		38	46
		<u>13,251</u>	<u>11,801</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank overdraft		1,928	1,429
Creditors	8	3,852	2,710
Members loans		7,552	8,021
		<u>(13,332)</u>	<u>(12,160)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(81)</u>	<u>(359)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		32,956	28,794
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR			
Development loan		(4,038)	-
Members loans		<u>(1,161)</u>	<u>(1,086)</u>
		<u>(5,199)</u>	<u>(1,086)</u>
		27,757	27,708
PROVISIONS			
Deferred tax	9	<u>(294)</u>	<u>(294)</u>
NET ASSETS EXCLUDING PENSION SCHEME DEFICIT		27,463	27,414
Defined benefit pension scheme deficit	10	<u>(4,870)</u>	<u>(6,155)</u>
NET ASSETS INCLUDING PENSION SCHEME DEFICIT		<u>22,593</u>	<u>21,259</u>
CAPITAL AND RESERVES			
Called up share capital		6,869	6,560
Capital reserves		10,650	10,650
Profit and loss account		9,944	10,204
		<u>27,463</u>	<u>27,414</u>
Defined benefit pension scheme deficit		<u>(4,870)</u>	<u>(6,155)</u>
	11	<u>22,593</u>	<u>21,259</u>

Approved by the Board on 10 March 2020
Signed on behalf of the Board

P WATSON, Chairman

M MACAULAY, Vice-Chairman

LC Secretaries Limited, Secretary

Notes on consolidated financial statements for year ended 31 December 2019

I THROUGHPUT AND TURNOVER

Throughput and turnover were contributed as follows. All sales between Group companies have been fully eliminated on consolidation.

	2019 £'000	2018 £'000
THROUGHPUT		
Parent Society -		
Value of livestock and other goods sold on commission	113,581	123,055
Direct sales	1,796	1,932
Aberdeen & Northern (Estates) Limited -		
Rendering of services	339	414
Direct sales -		
Total value of direct sales by other Group companies	1,505	1,379
	<u>117,221</u>	<u>126,780</u>
TURNOVER		
Parent Society -		
Commission from sales of livestock and other goods	4,870	5,119
Direct sales – fees for valuations and other services rendered and income from farming activities	1,796	1,932
Aberdeen & Northern (Estates) Limited -		
Rendering of services	339	414
Thainstone Events Limited -		
Direct sales – sales from the supply of catering services	1,373	1,352
Thainstone Leasing Company Limited -		
Direct sales – from the sale of motor vehicles	132	27
	<u>8,510</u>	<u>8,844</u>

Notes on consolidated financial statements for year ended 31 December 2019

2 TRADING PROFIT

Group trading profit was contributed as follows:

	2019 £'000	2018 £'000
Parent Society	144	369
Aberdeen & Northern (Estates) Limited	1	59
Thainstone Events Limited	58	20
Thainstone Leasing Co. Limited	42	50
	<u>245</u>	<u>498</u>
Group trading profit is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	743	684
Gain on sale of fixed assets other than property	(28)	(40)
Release of grant	(25)	-
Directors' emoluments for services	53	56
Auditors' remuneration	39	38
	<u>782</u>	<u>738</u>

3 DEFINED BENEFIT PENSION SCHEME BEFORE TAXATION

The charge to profit and loss for the year is:

	2019 £'000	2018 £'000
- Service cost	-	-
- Net interest expense	(200)	(159)
- Exceptional cost - fund change - guaranteed minimum pension equalisation	-	(266)
	<u>(200)</u>	<u>(425)</u>

The exceptional cost in 2018 relates to the actuaries estimate of the additional pension liabilities arising from Guaranteed Minimum Pension (GMP) equalisation. The current year's GMP equalisation is reflected in Other Comprehensive Income.

Notes on consolidated financial statements for year ended 31 December 2019

4 TANGIBLE FIXED ASSETS

	£'000 At 31.12.18	£'000 Additions	£'000 Disposals	£'000 At 31.12.19
THE GROUP				
Cost or valuation:				
Freehold properties	23,126	4,375	-	27,501
Equipment, fittings etc.	4,703	203	(33)	4,873
Motor vehicles	767	124	(186)	705
	<u>28,596</u>	<u>4,702</u>	<u>(219)</u>	<u>33,079</u>
	At 31.12.18	Charge for Year	On Disposals	At 31.12.19
Depreciation:				
Freehold properties	1,079	290	-	1,369
Equipment, fittings etc.	3,868	312	(26)	4,154
Motor vehicles	364	141	(134)	371
	<u>5,311</u>	<u>743</u>	<u>(160)</u>	<u>5,894</u>
Net book value	<u>23,285</u>			<u>27,185</u>

5 INVESTMENT PROPERTIES

	Group	
	2019 £'000	2018 £'000
At 31 December 2018	5,359	5,355
Additions in year	29	148
Revaluations in year	-	(144)
At 31 December 2019	<u>5,388</u>	<u>5,359</u>

Notes on consolidated financial statements for year ended 31 December 2019

6 INVESTMENTS

	NOTES	Group	
		2019 £'000	2018 £'000
Subsidiary undertakings – at cost	(a)	-	-
Associated undertakings and trade investments – at cost	(b)	464	509
		<u>464</u>	<u>509</u>

All of the above investments are unlisted.

Note:

(a) Details of the trading subsidiaries are as follows:

	Country of incorporation	Principal Activity	Percentage of equity shares held	
			Group	Parent Society
Aberdeen & Northern (Estates) Limited	Scotland	Land and Estate Agents	100%	100%
Thainstone Events Limited	Scotland	Caterers	100%	100%
Thainstone Leasing Co. Limited	Scotland	Vehicle leasing/sales	100%	100%

The Parent Society holds 100% of the equity shares, directly and indirectly, in its non trading subsidiaries, Scotch Premier Meat Limited, Taste of Grampian Limited and YPM 2012 Limited. Scotch Premier Meat Limited and Taste of Grampian Limited are incorporated in Scotland and YPM 2012 Limited is incorporated in England.

(b) Associated undertakings and trade investments: -

The Parent Society has investments in Scotbeef Inverurie Limited and Yorkshire Premier Meat Limited and an interest in Maverston LLP, a limited liability partnership, whose principal activity is property development. The investment in Maverston LLP has been fully written off previously. The Parent Society also has an interest in Thainstone LLP and Cowiesburn ANM LLP.

7 DEBTORS

	Group	
	2019 £'000	2018 £'000
Trade debtors	1,704	868
Other debtors	340	300
Prepayments	383	349
Owed by associated undertakings	3,443	3,174
	<u>5,870</u>	<u>4,691</u>

Notes on consolidated financial statements for year ended 31 December 2019

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2019 £'000	2018 £'000
Trade creditors	797	846
PAYE, national insurance and VAT	206	245
Accruals and deferred income	2,186	906
Other creditors	532	573
Proposed interest on share capital	131	140
	<u>3,852</u>	<u>2,710</u>

9 DEFERRED TAXATION

	Group	
	2019 £'000	2018 £'000
The provision made for deferred taxation is as follows:		
Provision -		
Accelerated capital allowances	(18)	(18)
Revaluation reserve	312	312
	<u>294</u>	<u>294</u>

Notes on consolidated financial statements for year ended 31 December 2019

10 PENSION SCHEMES

The Group operates a defined contribution pension scheme.

The defined contribution scheme, which commenced on 1 January 2000, is a Group personal pension plan operating on a defined contribution basis and is available to all Group employees.

The defined benefit scheme, closed to new entrants as of 28 February 1999, provides members with defined benefits based on salary. The benefit promises are funded in advance and the scheme assets are held in a separate trustee administered fund. Contributions to the scheme are assessed in accordance with the advice of a qualified actuary on the basis of triennial valuations using the projected unit method of valuation.

The last triennial valuation was conducted as at 1 January 2018 and updated at 31 December 2019 by a qualified independent actuary. The results of the actuarial valuation at 1 January 2018 showed a deficit of £6.839m. At this valuation the market value of the scheme's assets amounted to £25 million and the actuary determined that this represents 79% of the scheme's liabilities. The Group has agreed with the trustees to target removal of this deficit over a period of 10 years and 7 months from 1 January 2018 by payment of contributions of £507,000 p.a. until 31 December 2018, then £300,000 p.a. until 31 December 2021, then £610,000 p.a. until 31 July 2028.

	2019 £'000	2018 £'000
Movement in defined benefit pension scheme deficit during the year		
Deficit at 1 January	(7,416)	(6,477)
Movement in year:		
- Contributions	300	507
- Net interest expense	(200)	(159)
- Fund changes – guaranteed minimum pension equalisation	-	(266)
- Actuarial (loss)/gain in Other comprehensive income	1,449	(1,021)
Deficit at 31 December	(5,867)	(7,416)
Less: Deferred taxation	997	1,261
Deficit net of taxation	(4,870)	(6,155)

11 RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	Group	
	2019 £'000	2018 £'000
Movement for the financial year after taxation	(178)	(334)
Remeasurements of net defined benefit obligation	1,203	(848)
Share capital issued	309	501
Surplus on revaluation realised	-	(3)
Deferred tax movement on revaluation reserve	-	12
Opening shareholders' funds at 1 January	21,259	21,931
Closing shareholders' funds at 31 December	22,593	21,259

All of the above funds are attributable to members.





THE ANM GROUP LIMITED

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ABERDEEN & NORTHERN MARTS

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Tel: 01467 623710

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Regional Centres

Caithness Livestock Centre

Tel: 01955 621363

Email: caithness@anmgroup.co.uk

Elgin Auction Centre

Tel: 01343 547047

Email: elgin@anmgroup.co.uk

ABERDEEN & NORTHERN (ESTATES) LIMITED

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THAINSTONE EVENTS

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THAINSTONE SPECIALIST AUCTIONS

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