



Issue December 2015

WOLDGRAIN DELIVERS TRIPLE Whammy in 2015



- **1. £120k** returned to members
- 2. 33% growth
- **3.** Reduced annual charges



Phew what a year it's been! I'm not sure we could have done anything more!

But onwards and upwards as they say. Next year, due to continued demand, we will build some further storage, continue to improve and develop the computerisation of our processes and find ways to add more value to the grain in store. That should keep us all busy! John Burnett

adding value in the food chain

Chairman's Message



This is my first report as chairman of Woldgrain and I would have to say a very successful one for the company; so much so that not only have we delivered *record growth* but also a **significant rebate to Members equating to** £2/mt. I hasten to add this is not through my efforts, but by the exceptional service shown by all the staff and by the fore sight shown by my two previous chairmen.

Having got all the grants and support for the project the expansion progressed and was completed on time and in budget. Not for the first time John Burnett has excelled himself. Woldgrain should feel very lucky that they have him as their CEO.

The new offices and laboratory were completed and the move into them was done in early spring. All the new systems were then checked and tested so that we knew they were going to work in harvest time. The proof was in the pudding; despite the largest and one of the latest harvests we have probably ever known, and a peak of over 130 loads a day, everything went smoothly other than the odd hiccup.

It is important to realise that the effort from the staff in the plant was no less enthusiastic. Again they had new systems and control room to get to grips with. It was noticeable how much better the laboratory was liaising with the plant and this made for a much better running of the site.

We were very sorry to lose Lindsay Wright this year. She had worked very conscientiously for Woldgrain for many years and we wish her well in the future.

From the accounts you can now see that the investment is starting to pay off. This year the company will make in the region of £200,000 profit. A certain amount will be retained in the balance sheet but a large amount will be returned to the members. A very welcome boost in a year like this one.

I cannot stress enough the importance of having a flat rate haulage system. It is the one thing that has allowed the expansion to really progress by getting tonnage in from further afield. The store charge this year is in the region of £11 with hopefully an average of £2 returned to members. A total cost of £9 including the haulage. If this had not happened the store changes would have been considerably more than that on their own. I'm very sorry to the local farmers but I can assure them they are much better off in the long run.

With adding the next stage of the expansion our cost should be even more competitive per tonne but for this year it should be noted that Woldgrain is also reducing the amount of screenings that it had traditionally deducted.

The Royal visit was a great success and I would like to thank Prince Richard the Duke of Gloucester, for not only coming to open the new offices and laboratory, but being genuinely so interested in what we are trying to achieve.

Lastly I would like to thank my fellow directors who have been incredibly supportive. Amongst others Emma Bradley, who is a great company secretary and Tom Marsden leading the Market Development Group.

I know James Barton is planning on retiring from the board this year, I and Woldgrain need to thank him for steering the company through a very challenging period of its life and doing a very good job.

Fred Myers Chairman



News from the AGM

This year's AGM was held on the 3rd December at Hemswell Court Hotel, which as a venue was fantastic. Shaun and his team always look after us well when we go there.

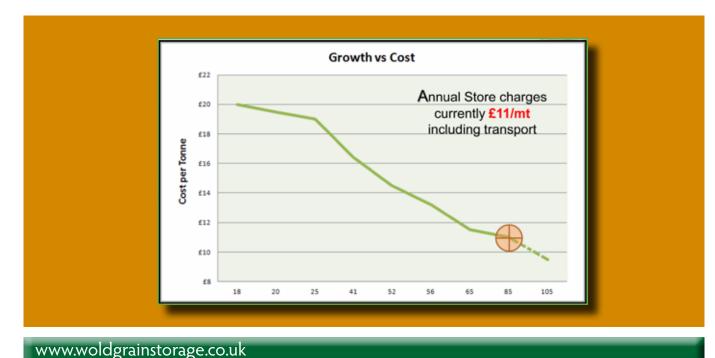
We had 45 attendees, which is more than usual, which is good.

Fred Myers the Chairman opened the meeting with some very good news; announcing there would be a **rebate to all members of £120k.** This was made possible due to the total **surplus of over £200k** made by the store. Fred thanked all the staff, our marketing agents and in particular **Openfield**, (who had provided the lion's share of the surplus), for their efforts during the year and their contribution to this excellent result for the store and members.

Fred's introduction was followed by presentations from Lee Bradbury of Forrester Boyd on the accounts. John Burnett followed on with an update of how harvest looked from the stores perspective. Tom Marsden, chairman of the Market Development Group, then gave a very upbeat presentation of the work of the Group during 2015. Highlights of which were the supply contracts secured with Rank **Hovis at Gainsborough and Bairds Malt at Grantham.** Both of these contracts were introduced by Openfield and have already contributed significant added value for group 4 wheat and malting barley. Tom said that the Group's focus for next year will be very much on finding more similar added value opportunities.

Once the Chairman had concluded the formalities of the AGM he asked the floor if there were any questions. There followed some very constructive questions and answers, most notable of which was the vexed question of how the pooled transport tends to favour those members furthest away and penalize those closest.

The Chairman took to his feet to answer this question, saying that it was a very good question and one that he felt passionate about. He explained by reference to the **graph below** which shows how as the store has grown the cost of storage to members has decreased. Fred said that without the pooled haulage the store would not have grown as quickly and therefore the storage costs would have remained at a much higher level. Fred said there was *clear evidence* to support the continuation of the pooled transport scheme.

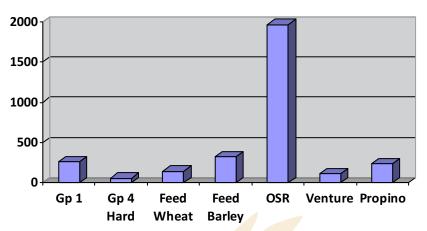


Harvest Overview



By Dan Murphy

Harvest intake began on the 24th July with Winter feed barley. With dry weather into August, 13,000 tonnes of members' crops were delivered to the store in the first two weeks. The busiest day of intake was the 10th August, with 118 loads arriving at the store, totalling 3113 tonnes across 7 different grades (*See graph below*).



Intake on 10/8/15

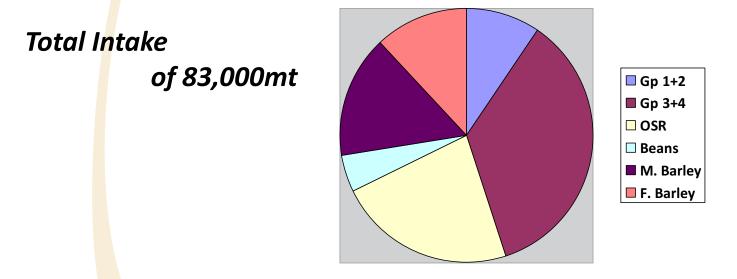
After the first week of August, the weather broke. The remainder of harvest consisted of prolonged periods of showers, with rain between the showers. These conditions prevented many members from combining crops on time and any harvesting that was possible was often isolated and localised.

Unsurprisingly, much of the later wheats were of very high moisture, up to 23%. Throughout much of August, all three driers were running for 24 hours a day, where software routes allowed. The last of members' wheat was cut on the 1st October.

The total harvest intake has been 83,000, with nearly half being wheat. There were 14 different segregations, stored across 56 silos.

Group 4 wheats were split Hard and Soft for the first time, to enable the store to capture any added value that the marketing partners can generate.

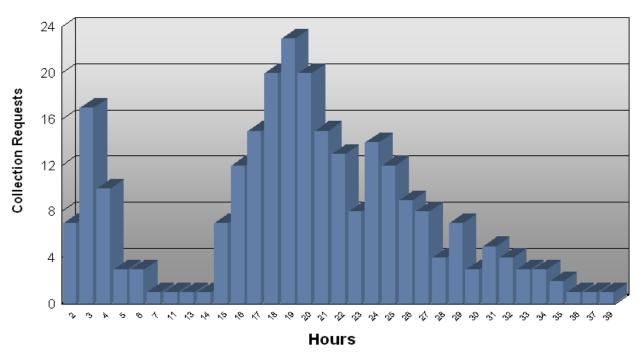
There were only three malting barley varieties, which made drying and storage much more straightforward than it has been in previous years.



Haulage

Once again we have used our established team of a dozen or so local hauliers to move grain from our members to the store. Haulage was coordinated from Hemswell, using the new haulage planning software. The new software was a huge operational change, but worked very well, simplifying and streamlining the whole process. The vast majority of crops were collected on target, within 24 hours of the member contacting the store. In other words, members who telephoned the store before lunchtime would usually have their grain collected before lunchtime the following day. Intake was made up of over 2,800 individual vehicle movements from members, these being delivered to the store between 7am and 7pm.

The graph below illustrates the time elapsed between a member telephoning Woldgrain (with grain ready to collect) and their grain weighing on at the store. It shows that the majority of members were waiting less than 24 hours for their grain to be collected. The area between 5 and 15 hours after requesting a collection represents the time between 7pm and 7am, when there was no intake.



Time Waited for Collection from Farm

For the 2015 harvest, new barcoding technology was used to streamline weighbridge operations. Swiping a barcode for each delivery to the store populated the weighbridge computer system with each load's unique details, removing the need for time-consuming, repetitive typing by the weighbridge operators. The same barcode technology allowed drivers to weigh themselves out when leaving the store, which meant that we no longer needed a weighbridge operator to weigh vehicles out all day through harvest.







Frontier's first harvest as a marketing partner and member of Woldgrain storage was an undoubted success. In Lincolnshire, the 2015 harvest was excellent in terms of yield and quality, which understandably put pressure on harvest logistics. The professionalism and quality of service provided by the staff at Woldgrain store at harvest was second to none, which is particularly impressive given the expansion and site changes recently made to the store. *Our thanks go to John and his team at Hemswell.*

At **85,000t**, the increased capacity of the facilities gave members the opportunity to use Frontier's storage space at a time of high yields and excess tonnage. This meant growers could move their crop at harvest without having to price at a typically discounted time of the season.

A bumper UK harvest further added to the high level of grain stocks in the UK from the 2014 season, which has not helped price. Combined with high production in other countries and a strong sterling, the UK's ability to connect on grain exports remains a challenge. Domestic demand is strong, however and grain destinations are available. With Vivergo's bioethanol plant in Hull, the starch plant in Manchester and ABN mills in the North of the country, there is a large appetite for locally produced grain.

With the ongoing uncertainty in the grain markets it is vital to continue to manage price risk carefully. Good contracts are available for wheat, barley, OSR and beans that aid cash flow and protect members from a falling market. As always, please speak to me if you are interested in these contracts or would like to discuss your specific needs.

Regards,

Andrew Hill Frontier Agriculture Ltd.

Pleasing results again from this seasons reconciliation with Openfield returning just over £200,000 to Woldgrain funds / members as announced by the Chairman Fred Myers at the Woldgrain AGM held at Hemswell Court on the 3rd December. Monies from the reconciliation returned to members represent a welcome income in percentage terms against this seasons current value of commodities.

We are pleased to now have **Rank Hovis** on board with a marketing agreement based on soft wheat ex Woldgrain and have ideas and intentions to develop this further going forward.

We continue to have a significant tonnage of **Warburtons wheat** in the store and have also contributed with a late storage arrangement with **Bairds Malt**. As always it's long term tried and trusted relationships that endure and bring the best rewards.

Looking further ahead, Openfield will continue to commit to build on recent success with John Burnett, Tom Marsden and the Woldgrain marketing committee to highlight to consumers just what facilities and benefits the store can now provide. But we believe they have to bring genuine value to the store and its members with a view to enhance returns to the store or member directly.

Openfield

Also discussed was this seasons recommendations for spring barley for harvest 2016 which are *Odyssey for the max 1.6/1.65n distilling market and Propino as last season, but with the addition of KWS Irina, aiming primarily at the max 1.85n market.* Please contact myself or Openfield Marketings' malting barley trader Adrian Fisher for further details on contracts available.

Openfield are set to continue with **HOLL OSR** for the coming season as this market develops further.

As Openfield in conjunction with Woldgrain members we intend to hold 2-3 members meeting early in the new year to look to cover aspects of the 2016 crop year, details to follow.

It is your continued support that is vital, it gives Openfield the springboard to endeavour to achieve on your behalf.

Openfield, Working with farmers for farmers.

Chris Spratt

Farm Service Manager Openfield



Openfield

Europe

As harvest progressed north throughout Europe it became apparent that there were going to be fewer supply issues than anticipated in late June early July; France, Germany, Czech Republic, England, Scandinavia and finally Scotland all produced more barley than earlier forecasts suggested.

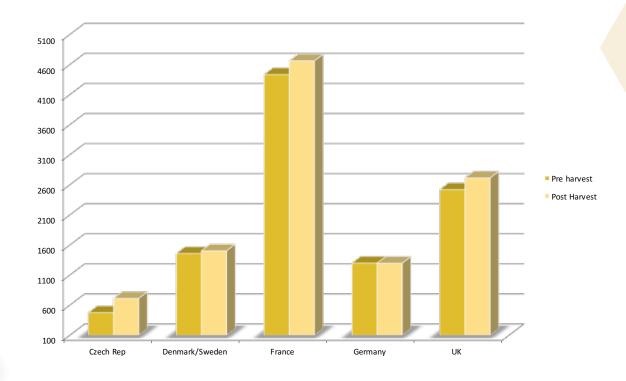
European forecast for total malting barley (Winter and Spring) is now put at 13.3mmt an increase of 700-800,000t over the July forecast and on a par with the 2014 crop output.... thereby producing a surplus of 2.5mmt (1.7 w + 0.9 s)

UK

We estimate that the tonnage available for export from the UK has doubled from original forecasts of 200,000t, made in July, to today's figure put at 400,000t.

Currency The weak €uro has had a big effect: basis export value

of €170 1.24 v £ in Nov 2014..... £137 1.43 v £ in Nov 2015..... £119 = a £18/t drop



Australia

Dry conditions in September and October have been followed by rain across both east and western Australia; this will have caused some damage to the malting barley quality but also brings pressure to feed barley values.

Canada

Barley production is higher than early forecasts, an increase of around 500,000t from last season's crop (7.6 v 7.1mmt) The US barley crop is also higher; up 700,000t.

Spring Barley Variety Choice



Propino (Qu<mark>ench</mark> X Tipple)

Propino is widely accepted by maltsters domestically and overseas. Propino made up 28% of the English spring barley and matling barley demand in 2014/15. Openfield have supply agreements with the nearest domestic malting facility and also export agreements with European maltsters which will ship from New Holland Port.

Target Nitrogen level 1.85%n max.

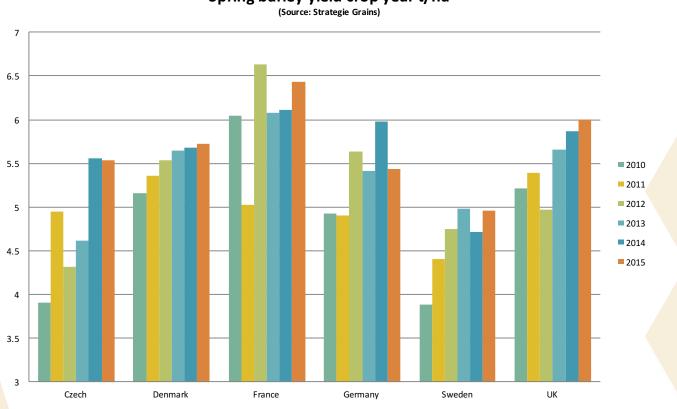
KWS Irina (Conchita X Quench)

KWS Irina was added to the AHDB recommended list in 2014 and in June 2015 gained full IBD approval for brewing use. We have supply agreements, more limited than Propino, with both domestic and European malt producers.

Target Nitrogen Level 1.85%n max.

Odyssey (Concerto X Quench)

Odyssey is fully approved by the IBD for both distilling and brewing use, however we suggest that the low nitrogen distilling market should be targeted. Our supply agreements with domestic consumers are for maximum 1.60-1.65%n.



Spring barley yield crop year t/ha



Record Profit Redistribution and Market Beating Pool Performance for Members at United Oilseeds

United Oilseeds, one of Woldgrain's official marketing partners and the UK's only specialist oilseed rape marketing company, has recorded some key successes during 2015.

A completely independent co-operative that is owned by its **4,500 farmer members**, United Oilseeds has just announced a record **£420,000 redistribution of profits to its trading members**. This is the fourth consecutive annual record redistribution of profits the organisation has made and the tenth successive profit share.

To year end 30 June, the business also increased its net worth from £7.98m to £8.33m and saw turnover increase to £165.4m and profits rise to £1.484m. It traded 530,000 tonnes of OSR (up 18% on the previous year - moving 300,000 tonnes of farmers' crop during harvest - and exported nearly 140,000 tonnes. Trading in other commodities such as beans, linseeds oats and peas reached 44,000 tonnes.

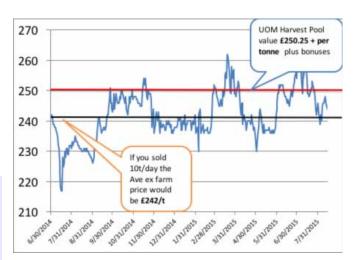
Pool Performance

United Oilseeds now manages the largest OSR Pool tonnage in the UK and this year its "Carte Blanche" Pool paid members £257.52 per tonne before bonuses, whilst its "Harvest" Pool paid £250.25 per tonne before bonuses. As in previous years, both pools outperformed the market.

United Oilseeds Carte Blanche Pool: 4 June 2014 – 4 May 2015



United Oilseeds Harvest Pool 2015



"We are pleased that again our pool marketing has delivered a market-beating performance for our members," said **Chris Baldwin** United Oilseeds Managing Director. "Looking forward, currency rates will always have an effect on the market and an expected 15% drop in OSR hectarage and a return to normal yields could mean we see a 2016 harvest that is 17% smaller than this year. But, it may yet have a positive effect on prices as the market could get firmer as it gets tighter. Pool marketing continues to be an excellent way of getting the best return on your crop."

HOLL Oilseed Rape Opportunity

On the OSR seed side, one of the most exciting developments is the continued growth of the market for High Oleic Low Linolenic (HOLL) Oilseed Rape. The oil produced by this crop is experiencing increasing demand from food operators and processors because of its unique properties. High in healthy Omega 3 and Omega 5 fatty acids, HOLL oil is low in saturated fats and has a much lower burn point than other vegetable oils, making it ideal for frying and food production. Demand for HOLL oil from food producers is likely to continue increasing and, this year, around 40,000 ha of the crop was planted in the UK. United Oilseeds secured a 28% share of this seed market from a standing start, supplying two of the key high performance HOLL varieties to growers, V316OL and V292OL.

UOM offers growers buy-back contracts that include bonuses and, significantly, guaranteed minimum premiums. Regular quality monitoring programmes and growing advice is also available.

Members of the United Oilseeds co-operative profit from a range of advantageous benefits that include:

- Produce of Area contracts that completely remove the risk of penalties for over or under production.
- No Surcharges for part loads.
- Access to home and international markets.
- Flexible Finance advance payments against crop purchase to aid cash flow (£9m worth of advance payments made in 2015)
- Local storage and independent testing.
- Local Support Area Managers in Cambridgeshire, Lincolnshire and South and East Yorkshire.

 Local Export Routes – export access via 22 ports in the UK including Grimsby, Hull, Blyth, and New Holland.

Joining United Oilseeds is easy (*it costs just £15 for life membership*) and if any Woldgrain members would like further information on HOLL oilseed rape, pool marketing or advance payments against crop purchases, *please contact your United Oilseed Area Managers:*

Lucy Jackson: 07500 017355 South and East Yorkshire James Arnold: 07770 797154 Lincolnshire

Or call United Oilseeds Head Office on 01380 729 200.

Accounts - My Harvest Hats

You all probably know me best for dealing with your payments and charges.

However harvest this year was very different for me. Not only did you all faces many challenges, not least the harvest of weekends, but I also faced many new challenges and had new hats to wear:

Haulage Planning - Wednesdays I was asked to cover the haulage planning. New challenge to me, someone who has little sense of direction and is very fond of her Tom Tom. Logistics were made easy by the new haulage planner used this year. No lorries directed to Scotland !

Weighbridge Operator - First time in the pods, which are very comfortable. The biggest challenge to me was not using the new barcode technology but operating the spear. Never played a computer game in my life. This was successful, never missed the target. Laboratory - testing all the samples and using the equipment. Knew my natural science degree would come in handy.

Accounts - ah my usual hat.

Thank you once again for the prompt settlement of invoices and taking on board all the new systems.

It was a pleasure to talk to so many of you over harvest and get to know you our members better. Happy Christmas and Best Wishes for 2016 and let's hope prices start to rise.

Nikki Smith





Amanda was once again joined by Victoria Redshaw and Hattie Milligan-Manby, with Amy Clark as a new member of the Lab team.

The Lab layout and its procedures and systems were new to all. The extra space and additional lab equipment is a great improvement on the previous working environment.

Hattie and Amy brought a refreshing and energetic presence to Woldgrain. 'Joke of the Day' and 'Tweet of the Day' provided the team with many a laugh during the harvest days. 'Hagberg Roulette' was another new entertainment to be enjoyed while wheats were sampled and tested. Woldgrain's harvest efforts have been shared through Twitter, which promotes the store to a wider audience.

Each evening, Hattie and Amy would prepare the lorries' magnetic numbers by retrieving them from the yard, cleaning them and putting them back in numerical order ready for the following day. However, some numbers weren't handed in at the intake pits and went on little journeys! This became a challenge accepted by the drivers to get one of our numbers as far from Woldgrain as possible, with progress tracked through Twitter. Number 85 had a tour of England's maltings, visiting Burton-on-Trent, Knapton and Bury St. Edmunds. This was only topped when Victoria won a Rugby World Cup competition to see England play in Paris, taking number 130 along for the trip!

The harvest team were once again kept supplied with chocolate and biscuits by the hauliers with Hattie's homemade cakes featuring highly in everyone's harvest diet!



You can now follow Woldgrain on Twitter: https://twitter.com/woldgrain_ltd

Amanda Brook





An up-date from our IT guru...

I believe it's fair to say that as members, you have witnessed this harvest the largest operational change in Woldgrains' 36 year history. The visible changes all centred on the flow of live information in the form of the texts after weighing out, daily weight advices and live web portal. However this is very much just the tip of the iceberg: Including;

• Loading Locations - Each members loading locations have been geo pinned by Dan using Blackcat integration with Google Maps, giving essential are accurate information.

• Haulage – Using the exact mileage from the individual loading locations we introduced a £ per mile rate system as opposed from the traditionally used mileage bands.

• Haulage Planner – By correlating the member's intentions against the haulage fleet resulted in invaluable live picture of what was planned against what was outstanding. • **Barcodes** – Feed from the haulage planner, fast, 100% accurate weighing both in by the staff and out by the drivers has become the essential norm.

• Drying Charges – Adjusting the starting levels and the adoption of a £ per 0.1% moisture scale resulted in truly fair approach by only paying for what you used.

• Traffic Management – A large overhead LED sign was positioned in the plant and was automated from the control room to control the flow of vehicles.

Telematics – Stage 2

Looking forward to next harvest with the introduction of telematics into the haulage fleet, TomTom touch screen hardware in the vehicles linked in with the Blackcat Telematics module. This will enable the planner to send collection instructions direct to the vehicles as opposed to using a text message. The instruction will contain the loading locations geo grid coordinates enabling the Sat Nav to guide the vehicle to the exact location. The planner will in return receive notifications

that the instruction as been accepted, arrival on location, loading started and completed. The live GPS positional data means the planner will always know the precise location and ETA of all vehicles, helping to provide better logistics, resulting in improved service and savings in both time & money. A further additional feature will be an automated notification to be sent out to the members alerting them to the imminent arrival of vehicles at a pre agreed time period.

The web portal will also receive a substantial upgrade for the next harvest by offering intention, stock and marketing information along with the ability to download reports and copy invoices.

Phil Smith Oliversoft





Great Oaks from Little Acorns Grow



It is when I speak to a person like **Peter Heneage, founder Chairman of Woldgrain Itd**, that I realise how lucky I and my generation are that we have not had to fight a world war.

Peter left Eton in July 1940 and immediately joined the army. He was a forward observing officer in the Royal Horse Artillery which is one of the most dangerous jobs imaginable. Of his small group of nine forward observers, six were killed and three including Peter were wounded.

Peter was wounded on Hill 112 overlooking Caen in Normandy on July 15th 1944 whilst directing his regiments 25 pounder guns. Coincidentally Woldgrain Storage Itd. (WGS) director Tom Marsden's father, Peter, also fought on Hill 112.

Peter Heneage spent a month in hospital in the UK and after rejoining his regiment, was involved in the crossing of the Rivers Seine and Rhine and finished the European war on the Baltic coast, but was then sent to the Far East to take

part in the invasion of Japan. Hiroshima and Nagasaki were bombed and the Japanese surrendered, making the planned amphibious invasion unnecessary. He finished his army service as an assistant military attaché at the British Embassy in Tokyo.

For his service in Normandy, he has recently been honoured with the award of the *legion d'honneur medal*, by the French Government, at a ceremony at the French Embassy in London. For several years he was a brewer, but returned to Lincolnshire in 1963 and bought his farm at North Carlton. For 14 years he ran the Hainton Estate for his nephew and became a director of Sandars Malting Company at Gainsborough. In his spare time he was a County Councillor and High Sheriff of Lincolnshire.

Peter visited our store recently and explained to John, Dan and me, how the directors of Woldmarsh Itd decided to form Woldgrain Itd as a grain marketing cooperative because they recognised how important it is for a farmer to know exactly what quality of grain he is selling and how much it is worth. I can identify with this, as I had an experience in the late sixties that convinced me that forming a group like Woldgrain and knowing exactly what



I had to sell was essential for my business. My maternal Grandfather, Hunt Marris, farmed some sandy land on which he would grow a good Proctor malting barley. Every year he achieved a bonus for the barley, but one year the usual buyer declared that it was not up to the required standard and could only go as feed. I was helping load this 'feed' barley onto the merchant's lorry when I happened to ask the driver what its destination was. His reply was that it was going to the usual maltster!

The Woldmarsh policy was, and I believe continues, that they must be single minded in buying requisites for their members so Woldgrain was formed in 1976 and floated off as an independent limited company with its own Board of Directors. Peter Heneage was the first Chairman and was joined by **Morris Stovin, Dick Pridgeon** and **Philip Gibbons** and others as directors. An earlier attempt to form a company had floundered as the

> appointed manager, **Brian Massey**, sadly died. Brian's son Paul now works for Woldmarsh.

For the 1976 launch, **John Vickers**, who had done a remarkable job as the first manager of Woldmarsh, felt he needed a new challenge after 15 or so years so he applied and obtained the position as first manager of Woldgrain Itd. Hopefully John will visit the store early in 2016. After trading successfully Woldgrain Itd decided in 1979 to build a grain store for 14000 tonnes at Hemswell. The store opened in 1980 and Woldgrain Storage

Itd was created with its own Board of Directors and Morris Stovin was the first Chairman. Subsequently the Woldgrain office moved from Louth to Hemswell and John Vickers managed both companies until the early nineties when Woldgrain Itd proposed a merger with Lingrain Itd at Boston. This merger took place but Woldgrain Storage Itd retained its independence.

The reader will no doubt remember that Lingrain subsequently merged with Group Cereal Services in Wiltshire to form Centaur, then a few years ago, Centaur merged with Grainfarmers Itd to create Openfield, which is the largest farmer owned grain marketing business in the UK.

So Peter Heneage and his Woldmarsh Colleagues in 1976 planted two acorns. The first acorn, Woldgrain Itd, created Woldgrain Storage Itd, which now handles **85,000** tonnes of produce for members. Although we cannot claim that Woldgrain was instrumental in creating what is now Openfield, we can, with tongue only slightly in cheek, say that we set the ball rolling and planted the second acorn.

Michael Anyan

Captain Peter Heneage Chevalier de l'Ordre National de la Legion d'Honneur



As part of the 70th Anniversary of the Normandy landings, France decided that it wished to award all surviving veterans of the Battle for Normandy and the Liberation of France with the Legion d'Honneur.

Whilst the award was being given, a French schoolgirl read out the following "citation":

"Captain Peter Heneage landed on Gold Beach with the follow-up division and took part in the heavy fighting for Caen. On the night of the 15th July 1944 15 Scottish Division attacked Hill 112. Captain Heneage was the Forward Observing Officer for the Artillery support (250 guns) with the lead company the Glasgow Highlanders, he was mentioned in despatches and wounded near Le Bon Repose and evacuated to England for treatment. Following this he re-joined his regiment for

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the crossing of the Seine and took part in the rest of the campaign. We are proud to award him Chevalier de l'Ordre National de la Legion d'Honneur."

Charles Heneage Exceptional Risks Services Limited







AGM Presentation

Click on the picture below to see the presentation made at the AGM





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