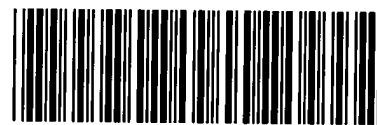


OAKES MILLERS LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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FOR THE YEAR ENDED 31 AUGUST 2017**

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OAKES MILLERS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2017**

DIRECTORS:

J E Lea
A Preston
M J Jepson
D Warr
D H Fox
K Jamieson
J J Lea
E P Lea
J M Borrowdale
A G H Jackson

SECRETARY:

A Rowe

REGISTERED OFFICE:

Aston Mill
Aston
Near Nantwich
Cheshire
CW5 8DH

REGISTERED NUMBER:

00333467 (England and Wales)

AUDITORS:

Harold Sharp Limited
Statutory Auditors and Chartered Accountants
Holland House
1-5 Oakfield
Sale
Cheshire
M33 6TT

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The directors present their strategic report of the company and the group for the year ended 31 August 2017.

REVIEW OF BUSINESS

The results for the year and financial position of the company and group are set out in the financial statements.

The market in which the group operates continues to be highly competitive - with the volatility of commodity prices including currency market movements which impact on raw material prices on a daily basis. This, combined with a continuing overcapacity in the manufacturing industry has confirmed to make for a challenging environment.

The group has nevertheless continued to make substantial investments in its production and distribution facilities and has extended the product ranges across all manufacturing sites. Substantial additional investment has also been made in fixed assets, in particular land and buildings, during the year.

The results are a tribute to the professionalism, hard work and effort of all the staff.

PRINCIPAL RISKS AND UNCERTAINTIES

The company and group's exposure to risk on the price of its raw materials is managed by the use of contracts with suppliers which are negotiated at the start of each trading season.

Further requirements over the contracted amounts are purchased on the open market at current market prices and matched with current sales.

The company and group's exposure to risk on credit is managed effectively through the company and group's normal credit terms.

ON BEHALF OF THE BOARD:



.....
A Rowe - Secretary

Date:

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2017**

The directors present their report with the financial statements of the company and the group for the year ended 31 August 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of animal feed manufacture.

DIVIDENDS

No dividends will be distributed for the year ended 31 August 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 September 2016 to the date of this report.

J E Lea
A Preston
M J Jepson
D Warr
D H Fox
K Jamieson
J J Lea
E P Lea
J M Borrowdale

Other changes in directors holding office are as follows:

A G H Jackson was appointed as a director after 31 August 2017 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.


OAKES MILLERS LIMITED (REGISTERED NUMBER: 00333467)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 2017**

AUDITORS

Harold Sharp Limited acquired the audit practice of Harold Sharp and in accordance with section 1216 of the Companies Act 2006 have been appointed as auditors in succession. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be reappointed will be put to the Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
A Rowe - Secretary

Date: 14/4/17.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OAKES MILLERS LIMITED

Opinion

We have audited the financial statements of Oakes Millers Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2017 on pages seven to twenty eight. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 August 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OAKES MILLERS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Auditors 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Harold Sharp Ltd

Christopher Wrighton (Senior Statutory Auditor)
for and on behalf of Harold Sharp Limited
Statutory Auditors and Chartered Accountants
Holland House
1-5 Oakfield
Sale
Cheshire
M33 6TT

Date: *14/11/17*

OAKES MILLERS LIMITED (REGISTERED NUMBER: 00333467)

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	2017 £	2016 £
TURNOVER	3	91,901,642	76,452,902
Cost of sales		<u>74,055,219</u>	<u>60,184,042</u>
GROSS PROFIT		17,846,423	16,268,860
Distribution costs		7,558,115	6,863,048
Administrative expenses		<u>8,308,829</u>	<u>7,949,942</u>
		15,866,944	14,812,990
		1,979,479	1,455,870
Other operating income		<u>26,046</u>	<u>25,393</u>
OPERATING PROFIT	5	2,005,525	1,481,263
Income from fixed asset investments		1,200	740
Interest receivable and similar income		<u>-</u>	<u>1,879</u>
		1,200	2,619
		2,006,725	1,483,882
Interest payable and similar expenses	6	<u>50,482</u>	<u>32,058</u>
PROFIT BEFORE TAXATION		1,956,243	1,451,824
Tax on profit	7	<u>419,513</u>	<u>292,016</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,536,730</u>	<u>1,159,808</u>
Profit attributable to: Owners of the parent		<u>1,536,730</u>	<u>1,159,808</u>

The notes form part of these financial statements

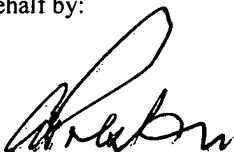
**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		1,536,730	1,159,808
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,536,730</u>	<u>1,159,808</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,536,730</u>	<u>1,159,808</u>

CONSOLIDATED BALANCE SHEET
31 AUGUST 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	9	11,264,313	7,907,022
Investments	10	<u>22,800</u>	<u>22,800</u>
		11,287,113	7,929,822
CURRENT ASSETS			
Stocks	11	3,263,331	2,402,802
Debtors	12	9,601,448	9,252,174
Cash at bank and in hand		<u>166,364</u>	<u>24,578</u>
		13,031,143	11,679,554
CREDITORS			
Amounts falling due within one year	13	<u>11,833,677</u>	<u>10,649,161</u>
NET CURRENT ASSETS		<u>1,197,466</u>	<u>1,030,393</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,484,579	8,960,215
CREDITORS			
Amounts falling due after more than one year	14	<u>2,217,634</u>	<u>230,000</u>
NET ASSETS		<u>10,266,945</u>	<u>8,730,215</u>
CAPITAL AND RESERVES			
Called up share capital	19	32,800	32,800
Capital reserve	20	329,652	329,652
Other reserves	20	157	157
Retained earnings	20	<u>9,904,336</u>	<u>8,367,606</u>
SHAREHOLDERS' FUNDS		<u>10,266,945</u>	<u>8,730,215</u>

The financial statements were approved by the Board of Directors on 14 November 2017 and were signed on its behalf by:



.....
A Preston - Director

OAKES MILLERS LIMITED (REGISTERED NUMBER: 00333467)

COMPANY BALANCE SHEET
31 AUGUST 2017

		2017	2016
	Notes	£	£
FIXED ASSETS			
Tangible assets	9	9,721,543	6,645,921
Investments	10	<u>1,925,623</u>	<u>1,925,623</u>
		11,647,166	8,571,544
CURRENT ASSETS			
Stocks	11	2,543,466	1,700,911
Debtors	12	9,276,733	8,196,625
Cash at bank and in hand		<u>5,091</u>	<u>8,985</u>
		11,825,290	9,906,521
CREDITORS			
Amounts falling due within one year	13	<u>12,963,664</u>	<u>11,120,300</u>
NET CURRENT LIABILITIES		<u>(1,138,374)</u>	<u>(1,213,779)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,508,792	7,357,765
CREDITORS			
Amounts falling due after more than one year	14	(2,040,000)	(230,000)
PROVISIONS FOR LIABILITIES	18	<u>(5,050)</u>	<u>(25,039)</u>
NET ASSETS		<u>8,463,742</u>	<u>7,102,726</u>
CAPITAL AND RESERVES			
Called up share capital	19	32,800	32,800
Other reserves	20	157	157
Retained earnings	20	<u>8,430,785</u>	<u>7,069,769</u>
SHAREHOLDERS' FUNDS		<u>8,463,742</u>	<u>7,102,726</u>
Company's profit for the financial year		<u>1,361,016</u>	<u>945,462</u>

The notes form part of these financial statements

OAKES MILLERS LIMITED (REGISTERED NUMBER: 00333467)

COMPANY BALANCE SHEET - continued
31 AUGUST 2017

The financial statements were approved by the Board of Directors on14/11/17..... and were signed on its behalf by:



.....
A Preston - Director

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2017**

	Called up share capital £	Retained earnings £	Capital reserve £	Other reserves £	Total equity £
Balance at 1 September 2015	32,800	7,207,798	329,652	157	7,570,407
Changes in equity					
Total comprehensive income	-	1,159,808	-	-	1,159,808
Balance at 31 August 2016	32,800	8,367,606	329,652	157	8,730,215
Changes in equity					
Total comprehensive income	-	1,536,730	-	-	1,536,730
Balance at 31 August 2017	32,800	9,904,336	329,652	157	10,266,945

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2017**

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1 September 2015	32,800	6,124,307	157	6,157,264
Changes in equity				
Total comprehensive income	-	945,462	-	945,462
Balance at 31 August 2016	32,800	7,069,769	157	7,102,726
Changes in equity				
Total comprehensive income	-	1,361,016	-	1,361,016
Balance at 31 August 2017	32,800	8,430,785	157	8,463,742

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	3,534,859	2,419,476
Interest paid		(49,945)	(32,058)
Interest element of hire purchase payments paid		(537)	-
Tax paid		<u>(331,301)</u>	<u>(269,808)</u>
Net cash from operating activities		<u>3,153,076</u>	<u>2,117,610</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(4,603,587)	(1,889,576)
Sale of tangible fixed assets		47,074	39,000
Interest received		-	1,879
Dividends received		<u>1,200</u>	<u>740</u>
Net cash from investing activities		<u>(4,555,313)</u>	<u>(1,847,957)</u>
Cash flows from financing activities			
New loans in year		2,040,000	-
Loan repayments in year		(130,000)	(260,000)
Capital repayments in year		<u>270,376</u>	<u>-</u>
Net cash from financing activities		<u>2,180,376</u>	<u>(260,000)</u>
Increase in cash and cash equivalents		<u>778,139</u>	<u>9,653</u>
Cash and cash equivalents at beginning of year	2	<u>(4,081,615)</u>	<u>(4,091,268)</u>
Cash and cash equivalents at end of year	2	<u><u>(3,303,476)</u></u>	<u><u>(4,081,615)</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017 £	2016 £
Profit before taxation	1,956,243	1,451,824
Depreciation charges	1,226,694	969,957
Profit on disposal of fixed assets	(27,472)	(28,850)
Finance costs	50,482	32,058
Finance income	<u>(1,200)</u>	<u>(2,619)</u>
	3,204,747	2,422,370
(Increase)/decrease in stocks	(860,529)	270,075
Increase in trade and other debtors	(379,094)	(43,876)
Increase/(decrease) in trade and other creditors	<u>1,569,735</u>	<u>(229,093)</u>
Cash generated from operations	<u>3,534,859</u>	<u>2,419,476</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 August 2017

	31/8/17 £	1/9/16 £
Cash and cash equivalents	166,364	24,578
Bank overdrafts	<u>(3,469,840)</u>	<u>(4,106,193)</u>
	<u>(3,303,476)</u>	<u>(4,081,615)</u>

Year ended 31 August 2016

	31/8/16 £	1/9/15 £
Cash and cash equivalents	24,578	65,986
Bank overdrafts	<u>(4,106,193)</u>	<u>(4,157,254)</u>
	<u>(4,081,615)</u>	<u>(4,091,268)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. STATUTORY INFORMATION

Oakes Millers Limited is a private company limited by shares, incorporated in England and Wales. The company's registered number is 00333467 and registered office is Aston Mill, Aston, Nr Nantwich, Cheshire, CW5 8DH.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis.

The presentation currency of the financial statements is £ sterling.

Basis of consolidation

The group accounts include the audited accounts of the company and its wholly owned subsidiaries, HJ Lea Oakes Limited and M E Waterhouse Limited, made up to 31 August. Subsidiaries are included from the date of acquisition.

Significant judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Turnover is recognised on despatch of goods.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	2% on cost
Plant and machinery	25% on cost and 15% and 25% reducing balance
Motor vehicles	20% on cost

Freehold land is not depreciated.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes direct materials and labour costs and also those overheads that have been incurred in bringing the stock to its present location and condition. Net realisable value represents sales value less appropriate selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Property, plant and equipment obtained under hire purchase contracts or finance leases are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges are included in creditors.

Payments made under operating leases are charged to the income statement on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Investments

Investments in subsidiary undertakings are valued at cost less provision for impairment. Other investments are stated at cost, less provision for any permanent diminution.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activity of the group.

The group's turnover arises wholly in the UK.

4. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	5,961,854	5,533,424
Social security costs	586,198	530,946
Other pension costs	<u>129,972</u>	<u>124,234</u>
	<u>6,678,024</u>	<u>6,188,604</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

4. EMPLOYEES AND DIRECTORS - continued

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

	2017	2016
Directors	9	9
Administration	20	19
Production	70	66
Sales, distribution and retail	<u>62</u>	<u>62</u>
	<u>161</u>	<u>156</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 89.

	2017	2016
	£	£
Directors' remuneration	491,657	452,810
Directors' pension contributions to money purchase schemes	<u>10,971</u>	<u>10,729</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>4</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments etc	117,424	118,291
Pension contributions to money purchase schemes	<u>4,385</u>	<u>-</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Hire of plant and machinery	2,790	5,312
Depreciation - owned assets	1,218,925	969,956
Depreciation - assets on hire purchase contracts	7,769	-
Profit on disposal of fixed assets	(27,472)	(28,850)
Auditors' remuneration	27,000	29,300
Foreign exchange differences	(47,574)	-
Operating leases rentals	<u>49,342</u>	<u>49,342</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	18,681	1,846
Other interest	499	43
Other loan interest	30,765	30,169
Hire purchase	537	-
	<u>50,482</u>	<u>32,058</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	416,023	331,038
Corporation tax re prior year	<u>(9,695)</u>	<u>(965)</u>
Total current tax	406,328	330,073
Deferred tax	<u>13,185</u>	<u>(38,057)</u>
Tax on profit	<u>419,513</u>	<u>292,016</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Profit before tax	<u>1,956,243</u>	<u>1,451,824</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	371,686	290,365
Effects of:		
Depreciation in excess of capital allowances	51,012	35,917
Expenses not deductible for tax purposes	13,652	5,233
Changes in tax rates	12,340	-
Deferred tax movement	13,185	(38,057)
Over provision of prior year	(9,695)	(965)
Other timing differences	<u>(32,667)</u>	<u>(477)</u>
Total tax charge	<u>419,513</u>	<u>292,016</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. TANGIBLE FIXED ASSETS

Group	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
COST				
At 1 September 2016	4,603,685	9,528,278	1,987,859	16,119,822
Additions	2,694,644	1,372,503	536,440	4,603,587
Disposals	-	(23,500)	(149,694)	(173,194)
At 31 August 2017	<u>7,298,329</u>	<u>10,877,281</u>	<u>2,374,605</u>	<u>20,550,215</u>
DEPRECIATION				
At 1 September 2016	314,880	6,952,386	945,534	8,212,800
Charge for year	15,634	879,315	331,745	1,226,694
Eliminated on disposal	-	(18,381)	(135,211)	(153,592)
At 31 August 2017	<u>330,514</u>	<u>7,813,320</u>	<u>1,142,068</u>	<u>9,285,902</u>
NET BOOK VALUE				
At 31 August 2017	<u>6,967,815</u>	<u>3,063,961</u>	<u>1,232,537</u>	<u>11,264,313</u>
At 31 August 2016	<u>4,288,805</u>	<u>2,575,892</u>	<u>1,042,325</u>	<u>7,907,022</u>

Included in cost of land and buildings is freehold land of £2,241,199 (2016 - £1,174,373) which is not depreciated.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
Additions	<u>309,140</u>
At 31 August 2017	<u>309,140</u>
DEPRECIATION	
Charge for year	<u>7,769</u>
At 31 August 2017	<u>7,769</u>
NET BOOK VALUE	
At 31 August 2017	<u>301,371</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

9. TANGIBLE FIXED ASSETS - continued

Company	Freehold property £	Plant and machinery £	Totals £
COST			
At 1 September 2016	4,597,129	8,604,406	13,201,535
Additions	2,694,644	1,179,282	3,873,926
Disposals	-	(23,500)	(23,500)
At 31 August 2017	<u>7,291,773</u>	<u>9,760,188</u>	<u>17,051,961</u>
DEPRECIATION			
At 1 September 2016	313,107	6,242,507	6,555,614
Charge for year	15,634	777,551	793,185
Eliminated on disposal	-	(18,381)	(18,381)
At 31 August 2017	<u>328,741</u>	<u>7,001,677</u>	<u>7,330,418</u>
NET BOOK VALUE			
At 31 August 2017	<u>6,963,032</u>	<u>2,758,511</u>	<u>9,721,543</u>
At 31 August 2016	<u>4,284,022</u>	<u>2,361,899</u>	<u>6,645,921</u>

Included in cost of land and buildings is freehold land of £2,236,416 (2016 - £1,169,590) which is not depreciated.

10. FIXED ASSET INVESTMENTS

Group	Listed investments £
COST	
At 1 September 2016 and 31 August 2017	<u>22,800</u>
NET BOOK VALUE	
At 31 August 2017	<u>22,800</u>
At 31 August 2016	<u>22,800</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

10. FIXED ASSET INVESTMENTS - continued

Company	Shares in group undertakings £	Listed investments £	Totals £
COST			
At 1 September 2016 and 31 August 2017	<u>1,902,823</u>	<u>22,800</u>	<u>1,925,623</u>
NET BOOK VALUE			
At 31 August 2017	<u>1,902,823</u>	<u>22,800</u>	<u>1,925,623</u>
At 31 August 2016	<u>1,902,823</u>	<u>22,800</u>	<u>1,925,623</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries**H J Lea Oakes Limited**

Registered office:

Nature of business: Agricultural merchanting and distribution.

Class of shares:	%
Ordinary	holding 100.00

M E Waterhouse Limited

Registered office:

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

The market value of listed investments at 31 August 2017 is £51,500 (2016: £53,300)

11. STOCKS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials	2,462,177	1,534,146	2,382,702	1,503,238
Finished goods	<u>801,154</u>	<u>868,656</u>	<u>160,764</u>	<u>197,673</u>
	<u>3,263,331</u>	<u>2,402,802</u>	<u>2,543,466</u>	<u>1,700,911</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	9,118,765	8,733,473	-	-
Amounts owed by group undertakings	-	-	9,038,038	7,899,191
Other debtors	165,239	187,373	117,190	144,819
Tax	-	16,635	-	16,635
Deferred tax asset	20,202	33,387	-	-
Prepayments	297,242	281,306	121,505	135,980
	<u>9,601,448</u>	<u>9,252,174</u>	<u>9,276,733</u>	<u>8,196,625</u>

Deferred tax asset

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Timing differences between depreciation and capital allowances	1,202	(21,613)	-	-
Other timing differences	19,000	55,000	-	-
	<u>20,202</u>	<u>33,387</u>	<u>-</u>	<u>-</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 15)	3,729,840	4,366,193	4,521,141	4,589,710
Other loans (see note 15)	100,000	-	100,000	-
Hire purchase contracts (see note 16)	92,742	-	-	-
Trade creditors	6,047,538	4,085,372	5,289,104	2,987,615
Amounts owed to group undertakings	-	-	1,926,002	1,926,002
Tax	132,292	73,900	41,687	-
Social security and other taxes	160,088	142,354	72,061	64,183
Other creditors	15,990	18,348	52	3,755
Accrued expenses	1,555,187	1,962,994	1,013,617	1,549,035
	<u>11,833,677</u>	<u>10,649,161</u>	<u>12,963,664</u>	<u>11,120,300</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans (see note 15)	1,040,000	130,000	1,040,000	130,000
Other loans (see note 15)	1,000,000	100,000	1,000,000	100,000
Hire purchase contracts (see note 16)	177,634	-	-	-
	<u>2,217,634</u>	<u>230,000</u>	<u>2,040,000</u>	<u>230,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	3,469,840	4,106,193	4,261,141	4,329,710
Bank loan	260,000	260,000	260,000	260,000
Other loans	100,000	-	100,000	-
	<u>3,829,840</u>	<u>4,366,193</u>	<u>4,621,141</u>	<u>4,589,710</u>
Amounts falling due between one and two years:				
Bank loan	260,000	130,000	260,000	130,000
Other loans - 1-2 years	100,000	-	100,000	-
	<u>360,000</u>	<u>130,000</u>	<u>360,000</u>	<u>130,000</u>
Amounts falling due between two and five years:				
Bank loan	780,000	-	780,000	-
Other loans - 2-5 years	300,000	-	300,000	-
	<u>1,080,000</u>	<u>-</u>	<u>1,080,000</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable otherwise than by instalments				
Directors loans	40,000	40,000	40,000	40,000
Other loans	60,000	60,000	60,000	60,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Repayable by instalments				
Other loans more 5yrs instal	500,000	-	500,000	-

The loan from the director and one of the other loans have no fixed repayment date. Interest is payable on the loans at 2% above bank base rate.

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	92,742	-
Between one and five years	<u>177,634</u>	<u>-</u>
	<u>270,376</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

16. LEASING AGREEMENTS - continued

Group

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	38,000	42,228
Between one and five years	<u>114,000</u>	<u>152,000</u>
	<u>152,000</u>	<u>194,228</u>

Company

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	38,000	42,228
Between one and five years	<u>114,000</u>	<u>152,000</u>
	<u>152,000</u>	<u>194,228</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank overdrafts	3,469,840	4,106,193	4,261,141	4,329,710
Bank loans	1,300,000	390,000	1,300,000	390,000
Hire purchase contracts	<u>270,376</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,040,216</u>	<u>4,496,193</u>	<u>5,561,141</u>	<u>4,719,710</u>

The group's borrowing is secured by first charges over its freehold property and a cross guarantee with its subsidiary company.

The group's hire purchase liabilities are secured against the assets that the hire purchase contracts relate to.

18. DEFERRED TAX

	Company	
	2017	2016
	£	£
Deferred tax		
Timing differences between depreciation and capital allowances	<u>5,050</u>	<u>25,039</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

18. DEFERRED TAX - continued

Group

	£
Balance at 1 September 2016	(33,387)
Charge to income statement	<u>13,185</u>
Balance at 31 August 2017	<u>(20,202)</u>

Company

	£
Balance at 1 September 2016	25,039
Credit to income statement	<u>(19,989)</u>
Balance at 31 August 2017	<u>5,050</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
65,600	Ordinary	50p	<u>32,800</u>	<u>32,800</u>

20. RESERVES

Group

	Retained earnings £	Capital reserve £	Other reserves £	Totals £
At 1 September 2016	8,367,606	329,652	157	8,697,415
Profit for the year	<u>1,536,730</u>			<u>1,536,730</u>
At 31 August 2017	<u>9,904,336</u>	<u>329,652</u>	<u>157</u>	<u>10,234,145</u>

Company

	Retained earnings £	Other reserves £	Totals £
At 1 September 2016	7,069,769	157	7,069,926
Profit for the year	<u>1,361,016</u>		<u>1,361,016</u>
At 31 August 2017	<u>8,430,785</u>	<u>157</u>	<u>8,430,942</u>

21. PENSION COMMITMENTS

The pension contributions payable at the year end to the defined contribution pension scheme were £24,708 (2016: £19,453).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2017

22. CONTINGENT LIABILITIES

The company has entered into a cross guarantee in respect of the borrowings of its subsidiary, HJ Lea Oakes Limited which is secured by a debenture over the assets of the company. At 31 August 2017 this amounted to £nil (2016 - £nil).

23. CAPITAL COMMITMENTS

	2017 £	2016 £
Contracted but not provided for in the financial statements	<u>105,495</u>	<u>370,000</u>

24. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

25. ULTIMATE CONTROLLING PARTY

In the opinion of the directors, the company and group are ultimately controlled by Mr J E Lea.