

Company Registration No. 00740635 (England and Wales)

# **STONEGATE FARMERS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 28 SEPTEMBER 2019**

## STONEGATE FARMERS LIMITED

### COMPANY INFORMATION

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<b>Director</b>	Mr A D Gott
<b>Company number</b>	00740635
<b>Registered office</b>	Whiteoaks Farm The Old Sidings, Corsham Road Lacock Chippenham SN15 2LZ
<b>Auditor</b>	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

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# STONEGATE FARMERS LIMITED

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## **STONEGATE FARMERS LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE PERIOD ENDED 28 SEPTEMBER 2019**

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The director presents the strategic report for the period ended 28 September 2019.

#### **Fair review of the business**

The principal activity of the company is the packing and marketing of free range & organic eggs and egg products. The company contracts with a substantial number of Group and independent farmers to collect and process eggs produced on their farms. The egg is processed and packed by the company and supplied to retail and trade customers.

The company experienced turnover growth in the period to £71.3m (2018: £68.4m). Underlying egg sales increased from £65.4m in 2018 to £71.2m in 2019. Gross profit margin increased to 10.7% (2018: 8.9%, 2017: 9.9%) reflecting the exclusion of chick and pullet sales and the continued investment in equipment and people. Profit before tax for the period was £5,915,720 (2018: £920,471), up 643%.

During the year the company sold land & building assets to consolidate the property estate into one company which will allow the company to focus on its core competency of shell egg packing and marketing. As a result there is also a reduction in Group company investments and a movement in Group company debtor and creditor balances. The Director considers the company to be in a strong financial position given net assets of £9.4m as at 28 September 2019.

The company will continue to strengthen the business through development and evolution of high-quality core products focussed on our customers' needs. Investment will continue in equipment and technology at the primary packing site to improve efficiency.

During the year, the company has continued to invest substantially in its grading capability along with its associated warehousing. Substantial investment has been made in the companies' packing centre, and it continues to support and invest in its supply chain focusing on providing a competitive, sustainable model for the long term. The company has also invested in a new egg processing facility to provide customers and consumers with a wider range of products to meet their requirements. Within the competitive marketplace, in which we operate, we face the constant challenge of being both adaptive and reactive to market price changes such as feed prices.

Throughout the year, the company has continued to invest in staff at all levels which we believe to be important, not least for the productivity gains that result.

## **STONEGATE FARMERS LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 28 SEPTEMBER 2019**

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#### **Principal risks and uncertainties**

We have a long and strong relationship with our customers, working together to ensure the end customer demands, both now and in the future, can be met and often exceeded. We continue to monitor consumer trends across egg type and size to ensure we have the right mix to meet customer demand.

#### ***Raw Material Risk***

The volatility of commodity prices, particularly wheat, is a constant challenge for the company. In addition to reviewing the market trends we work with both our suppliers and customers to minimise the impact to any one party.

Employee safety remains paramount in our day to day activities. The company ensures that regular, thorough reviews of the workplace are carried out with any relevant actions taken so as to provide a safe working environment for all our employees. In addition to our own reviews the company engage with third parties to provide an independent review.

#### ***Cash flow risk***

The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the Director has not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board are implemented by the company's finance department.

The Director will revisit the appropriateness of this policy should the company's operations change in size or nature.

#### ***Credit risk***

The company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Trade debtors are managed in respect of credit and cash flow by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term asset & invoice finance.

#### ***Market Risk***

The company recognises the risk of competition in a highly active market. Through investment in our products, genetics, facilities and people we aim to meet or exceed the demands of our customers and the consumer. Having removed ourselves from caged egg production the business is less at risk from consumer and retail pressure against lower welfare egg production.

**STONEGATE FARMERS LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 28 SEPTEMBER 2019**

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**Key performance indicators**

Given the straightforward nature of the company's operations, the Director is of the opinion that analysis using KPIs other than the financial results, is not necessary for an understanding of the development, performance or position of the business.

On behalf of the board

**Mr A D Gott**

**Director**

3 February 2020

## **STONEGATE FARMERS LIMITED**

### **DIRECTOR'S REPORT**

**FOR THE PERIOD ENDED 28 SEPTEMBER 2019**

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The director presents his annual report and financial statements for the period ended 28 September 2019.

#### **Principal activities**

The principal activity of the company is the production, packing and marketing of eggs and egg products. The company operates its own packing facility.

#### **Director**

The director who held office during the period and up to the date of signature of the financial statements was as follows:

Mr A D Gott

Mr J D Sheppard

(Resigned 3 April 2019)

#### **Results and dividends**

The results for the period are set out on page 9.

Ordinary dividends were paid amounting to £18,398,577. The director does not recommend payment of a further dividend.

#### **Auditor**

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives and policies, and future developments.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

**Mr A D Gott**

**Director**

3 February 2020

## **STONEGATE FARMERS LIMITED**

### **DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 28 SEPTEMBER 2019**

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The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## STONEGATE FARMERS LIMITED

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF STONEGATE FARMERS LIMITED

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##### Opinion

We have audited the financial statements of Stonegate Farmers Limited (the 'company') for the period ended 28 September 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 September 2019 and of its profit for the period 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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.

##### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

## **STONEGATE FARMERS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF STONEGATE FARMERS LIMITED**

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##### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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

##### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **STONEGATE FARMERS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF STONEGATE FARMERS LIMITED**

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##### **Use of our report**

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 him in an auditor's report 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.

**Jonathan Pinder (Senior Statutory Auditor)**  
**for and on behalf of MHA Moore and Smalley**  
**Chartered Accountants**  
**Statutory Auditor**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

7 February 2020

# STONEGATE FARMERS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 SEPTEMBER 2019

		52 weeks ended 28 September 2019 £	52 weeks ended 29 September 2018 £
	Notes		
<b>Turnover</b>	<b>3</b>	71,260,139	68,375,926
Cost of sales		(63,624,259)	(62,314,987)
<b>Gross profit</b>		7,635,880	6,060,939
Administrative expenses		(8,860,917)	(8,251,169)
Other operating income		2,595,116	2,378,670
Exceptional item	<b>4</b>	-	(140,379)
<b>Operating profit</b>	<b>5</b>	1,370,079	48,061
Interest receivable and similar income	<b>9</b>	11,374,090	1,450,999
Interest payable and similar expenses	<b>10</b>	(257,556)	(292,755)
Amounts written off investments	<b>11</b>	(6,570,893)	(285,834)
<b>Profit before taxation</b>		5,915,720	920,471
Tax on profit	<b>12</b>	(35,101)	117,050
<b>Profit for the financial period</b>		5,880,619	1,037,521
<b>Other comprehensive income</b>			
Actuarial (loss)/gain on defined benefit pension schemes		(1,166,000)	928,000
Tax relating to other comprehensive income		162,095	(158,919)
<b>Total comprehensive income for the period</b>		4,876,714	1,806,602

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

# STONEGATE FARMERS LIMITED

## BALANCE SHEET

AS AT 28 SEPTEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Intangible assets	15		70,406		-
Tangible assets	16		5,319,529		12,231,488
Investments	17		6,069		6,576,962
			<u>5,396,004</u>		<u>18,808,450</u>
<b>Current assets</b>					
Stocks	20	634,795		725,225	
Debtors	19	40,895,236		31,632,540	
Cash at bank and in hand		1,392,674		629,009	
			<u>42,922,705</u>		<u>32,986,774</u>
<b>Creditors: amounts falling due within one year</b>	21	(33,062,145)		(23,604,187)	
<b>Net current assets</b>			<u>9,860,560</u>		<u>9,382,587</u>
<b>Total assets less current liabilities</b>			<u>15,256,564</u>		<u>28,191,037</u>
<b>Creditors: amounts falling due after more than one year</b>	22		(1,558,344)		(1,924,454)
<b>Provisions for liabilities</b>	25		(4,292,500)		(3,339,000)
<b>Net assets</b>			<u>9,405,720</u>		<u>22,927,583</u>
<b>Capital and reserves</b>					
Called up share capital	27		1,000		2,681,527
Share premium account			-		195,251
Revaluation reserve			-		2,289,705
Other reserves	30		1,799,221		1,799,221
Profit and loss reserves			7,605,499		15,961,879
<b>Total equity</b>			<u>9,405,720</u>		<u>22,927,583</u>

The financial statements were approved by the board of directors and authorised for issue on 3 February 2020 and are signed on its behalf by:

**Mr A D Gott**  
Director

**Company Registration No. 00740635**

# STONEGATE FARMERS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 SEPTEMBER 2019

	Share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
<b>Balance at 1 October 2017</b>	2,681,527	195,251	2,565,377	1,799,221	14,281,605	21,522,981
<b>Period ended 29 September 2018:</b>						
Profit for the period	-	-	-	-	1,037,521	1,037,521
Other comprehensive income:						
Actuarial gains on defined benefit plans	-	-	-	-	928,000	928,000
Tax relating to other comprehensive income	-	-	53,581	-	(212,500)	(158,919)
Total comprehensive income for the period	-	-	53,581	-	1,753,021	1,806,602
Dividends	-	-	-	-	(402,000)	(402,000)
Transfers	-	-	(329,253)	-	329,253	-
<b>Balance at 29 September 2018</b>	2,681,527	195,251	2,289,705	1,799,221	15,961,879	22,927,583
<b>Period ended 28 September 2019:</b>						
Profit for the period	-	-	-	-	5,880,619	5,880,619
Other comprehensive income:						
Actuarial gains on defined benefit plans	-	-	-	-	(1,166,000)	(1,166,000)
Tax relating to other comprehensive income	-	-	-	-	162,095	162,095
Total comprehensive income for the period	-	-	-	-	4,876,714	4,876,714
Dividends	-	-	-	-	(18,398,577)	(18,398,577)
Reduction of shares	(2,680,527)	(195,251)	-	-	2,875,778	-
Transfers	-	-	(2,289,705)	-	2,289,705	-
<b>Balance at 28 September 2019</b>	1,000	-	-	1,799,221	7,605,499	9,405,720

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

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### 1 Accounting policies

#### Company information

Stonegate Farmers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Whiteoaks Farm, The Old Sidings, Corsham Road, Lacock, Chippenham, SN15 2LZ.

#### 1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts, as it is included in the consolidated accounts of a larger group. The financial statements present information about the company as an individual entity and not about its group. The results of the company are included in the consolidated financial statements of Gott Agri Holdings Limited, registered office address Addington Lodge, Addington Road, Nether Kellet, Camforth, LA6 1DZ.

#### 1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the sale of goods provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

### 1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% to 33% per annum
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#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Land not depreciated, buildings 2% per annum
Plant and machinery	10% to 33% per annum
Motor vehicles	17% to 25% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## STONEGATE FARMERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

All of the company's assets are basic financial assets.

## STONEGATE FARMERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

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#### 1 Accounting policies

(Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### ***Other financial liabilities***

All of the company's liabilities are basic financial liabilities.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

## STONEGATE FARMERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

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#### 1 Accounting policies

(Continued)

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

##### 1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

## STONEGATE FARMERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

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#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

##### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### ***Impairment of trade debtors***

At each balance sheet date, management undertake an assessment of the recoverability of trade debtors based upon their knowledge of the customers, ageing of the balances outstanding and previous write off history. Where necessary, an impairment is recorded as a doubtful debt.

The actual level of debt collected may differ from the estimated level of recovery.

##### ***Pension and other post-employment benefits***

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend upon a number of factors, including; Life expectancy, salary increases, asset valuations and inflation.

The directors estimate these factors in determining the pension obligation at the balance sheet date. The assumptions reflect historic experience and current trends. Refer to the notes to the accounts for disclosures relating to the defined benefit pension schemes.

In order to assist them in adhering to the criteria of FRS102, Section 28 'Employee benefits', the directors use the services of an independent external Actuary, who possess all relevant professional qualifications to deliver the calculations of the defined benefit schemes' deficit as at the reporting date.

The directors believe that this approach minimises any deficit estimation uncertainty to an acceptable level.

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
<b>Turnover analysed by class of business</b>		
Attributable to the principal activity	71,260,139	68,375,926
	<u>          </u>	<u>          </u>

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

<b>3</b>	<b>Turnover and other revenue</b>	<b>(Continued)</b>	
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Other significant revenue</b>		
	Interest income	6	2,712
	Dividends received	11,374,084	1,448,287
		<u>          </u>	<u>          </u>
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	<b>Turnover analysed by geographical market</b>		
	United Kingdom	71,260,139	68,375,926
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Exceptional costs/(income)</b>		
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Write off group debtor balance	-	140,379
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Operating profit</b>		
		<b>2019</b>	<b>2018</b>
	Operating profit for the period is stated after charging/(crediting):	<b>£</b>	<b>£</b>
	Depreciation of owned tangible fixed assets	533,239	568,351
	Depreciation of tangible fixed assets held under finance leases	322,262	291,206
	Impairment of owned tangible fixed assets	44,614	-
	Profit on disposal of tangible fixed assets	(461,660)	(31,950)
	Amortisation of intangible assets	10,632	-
	Cost of stocks recognised as an expense	55,831,086	55,461,592
	Operating lease charges	1,118,057	789,175
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Auditor's remuneration</b>		
		<b>2019</b>	<b>2018</b>
	Fees payable to the company's auditor and associates:	<b>£</b>	<b>£</b>
	<b>For audit services</b>		
	Audit of the financial statements of the company	26,025	29,650
		<u>          </u>	<u>          </u>
	<b>For other services</b>		
	Taxation compliance services	8,750	8,500
	Other taxation services	2,200	15,092
	All other non-audit services	-	2,046
		<u>          </u>	<u>          </u>
		10,950	25,638
		<u>          </u>	<u>          </u>

**STONEGATE FARMERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 28 SEPTEMBER 2019****7 Employees**

The average monthly number of persons (including directors) employed by the company during the period was:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Production	131	102
Sales and distribution	75	75
Administration	39	38
	<u>245</u>	<u>215</u>

Their aggregate remuneration comprised:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	7,758,851	6,968,915
Social security costs	646,860	577,801
Pension costs	179,748	118,038
	<u>8,585,459</u>	<u>7,664,754</u>

**8 Director's remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	53,292	122,749
Company pension contributions to defined contribution schemes	1,403	3,405
	<u>54,695</u>	<u>126,154</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

**9 Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Other interest income	6	2,712
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	11,374,084	1,448,287
	<u>11,374,090</u>	<u>1,450,999</u>

# **STONEGATE FARMERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 28 SEPTEMBER 2019**

### **10 Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	40,516	88,021
Interest on finance leases and hire purchase contracts	48,892	39,814
Other interest on financial liabilities	70,148	39,920
Interest on the net defined benefit liability	98,000	125,000
	<u>257,556</u>	<u>292,755</u>

### **11 Amounts written off investments fixed asset investments**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Impairment charge	(6,570,893)	(285,834)
	<u>(6,570,893)</u>	<u>(285,834)</u>

### **12 Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Adjustments in respect of prior periods	(4,380)	(178,456)
	<u>(4,380)</u>	<u>(178,456)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	25,055	68,631
Changes in tax rates	14,426	(7,225)
	<u>39,481</u>	<u>61,406</u>
Total deferred tax	39,481	61,406
	<u>39,481</u>	<u>61,406</u>
Total tax charge/(credit)	<u>35,101</u>	<u>(117,050)</u>

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

### 12 Taxation

(Continued)

The actual charge/(credit) for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	5,915,720	920,471
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,123,987	174,889
Tax effect of expenses that are not deductible in determining taxable profit	1,164,647	155,279
Tax effect of income not taxable in determining taxable profit	(2,220,521)	(275,175)
Adjustments in respect of prior years	(4,380)	(178,456)
Effect of change in corporation tax rate	14,426	(7,225)
Group relief	113,412	13,638
Transfers	(156,470)	-
Taxation charge/(credit) for the period	35,101	(117,050)

In addition to the amount charged/(credited) to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019 £	2018 £
Deferred tax arising on:		
Revaluation of property	-	(53,581)
Actuarial differences recognised as other comprehensive income	(162,095)	212,500
	(162,095)	158,919

### 13 Dividends

	2019 £	2018 £
Final paid	18,398,577	402,000

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

### 14 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2019 £	2018 £
In respect of:			
Property, plant and equipment	16	44,614	-
Fixed asset investments	17	6,570,893	285,834
		<u>6,615,507</u>	<u>285,834</u>
Recognised in:			
Administrative expenses		44,614	-
Amounts written off investments		6,570,893	285,834
		<u>6,615,507</u>	<u>285,834</u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

### 15 Intangible fixed assets

	Software £
<b>Cost</b>	
At 30 September 2018	-
Additions - separately acquired	81,038
	<u>81,038</u>
At 28 September 2019	81,038
<b>Amortisation and impairment</b>	
At 30 September 2018	-
Amortisation charged for the period	10,632
	<u>10,632</u>
At 28 September 2019	10,632
<b>Carrying amount</b>	
At 28 September 2019	70,406
	<u>70,406</u>
At 29 September 2018	-
	<u>-</u>

More information on the impairment arising in the period is given in note 14.

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

### 16 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 30 September 2018	8,650,383	6,120,516	486,194	15,257,093
Additions	6,374,084	1,656,074	73,770	8,103,928
Disposals	(14,120,021)	(278,739)	(58,741)	(14,457,501)
At 28 September 2019	904,446	7,497,851	501,223	8,903,520
<b>Depreciation and impairment</b>				
At 30 September 2018	1,030,294	1,718,863	276,448	3,025,605
Depreciation charged in the period	159,481	597,407	98,613	855,501
Impairment losses	-	-	44,614	44,614
Eliminated in respect of disposals	(285,329)	-	(56,400)	(341,729)
At 28 September 2019	904,446	2,316,270	363,275	3,583,991
<b>Carrying amount</b>				
At 28 September 2019	-	5,181,581	137,948	5,319,529
At 29 September 2018	7,620,089	4,401,653	209,746	12,231,488

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £	2018 £
Plant and machinery	2,139,490	2,328,747
Motor vehicles	104,887	152,723
	<u>2,244,377</u>	<u>2,481,470</u>

More information on impairment movements in the period is given in note 14.

The fair value of the freehold land and buildings has been arrived at on the basis of a valuation carried out at 30 September 2016 by Savills (UK) Limited Chartered Surveyors, who are not connected with the company. The valuation was made on a fair value basis.

The properties have been valued with reference to the sale of similar properties in the locality (the comparable approach). Owing to the uniqueness of all properties it has then been necessary to make adjustments for differences in location, situation, appearance, size, condition etc before arriving at an appropriate opinion of value.

At the year end, the directors have reviewed these valuations, and believe that the valuation of the properties in the accounts is a fair reflection of their current worth.

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

### 17 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	18	-	6,570,893
Unlisted investments		6,069	6,069
		<u>6,069</u>	<u>6,576,962</u>

### Movements in fixed asset investments

	Shares in group undertakings £	Other investments other than loans £	Total £
<b>Cost</b>			
At 30 September 2018 & 28 September 2019	6,570,893	6,069	6,576,962
<b>Impairment</b>			
At 30 September 2018	-	-	-
Impairment losses	6,570,893	-	6,570,893
At 28 September 2019	6,570,893	-	6,570,893
<b>Carrying amount</b>			
At 28 September 2019	-	6,069	6,069
At 29 September 2018	6,570,893	6,069	6,576,962

### 18 Subsidiaries

Details of the company's significant subsidiaries at 28 September 2019 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct Indirect	
Lincolnshire Chickens Limited	1	Rental of poultry houses	Ordinary	100.00	0
Stonegate Agriculture Limited	1	Egg production	Ordinary	100.00	0
Thames Valley Eggs (Production) Limited	1	Rental of poultry houses	Ordinary	0	100.00

Registered Office address:

1 Whiteoaks Farm The Old Sidings, Corsham Road, Lacock, Chippenham, Wiltshire, SN15 2LZ

Both Lincolnshire Chickens Limited and Thames Valley Eggs (Production) Limited were dormant at the year end. After the year end, Lincolnshire Chickens Limited started the process of voluntary liquidation.

# **STONEGATE FARMERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 28 SEPTEMBER 2019**

### **19 Debtors**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	6,727,528	7,252,640
Corporation tax recoverable	-	50,805
Amounts owed by group undertakings	32,438,125	22,275,182
Other debtors	782,594	1,385,843
Prepayments and accrued income	465,628	309,323
	<u>40,413,875</u>	<u>31,273,793</u>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (note 26)	481,361	358,747
	<u>481,361</u>	<u>358,747</u>
<b>Total debtors</b>	<u>40,895,236</u>	<u>31,632,540</u>

### **20 Stocks**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Eggs, egg products and packaging	634,795	725,225
	<u>634,795</u>	<u>725,225</u>

### **21 Creditors: amounts falling due within one year**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Obligations under finance leases	<b>24</b>	432,093	415,923
Other loans	<b>23</b>	3,883,921	3,951,814
Trade creditors		5,049,673	5,545,418
Amounts due to group undertakings		19,041,928	9,190,637
Other taxation and social security		194,119	195,935
Other creditors		245,344	411,683
Accruals and deferred income		4,215,067	3,892,777
		<u>33,062,145</u>	<u>23,604,187</u>

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

### 22 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Obligations under finance leases	24	1,558,344	1,924,454

### 23 Loans and overdrafts

	2019 £	2018 £
Other loans	3,883,921	3,951,814
Payable within one year	3,883,921	3,951,814

The company meets its day-to-day working capital requirements through an invoice discounting facility (shown as other loans above), which is secured by a debenture over the assets of the company. The invoice discounting facility is repayable on demand.

### 24 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	432,093	415,923
In two to five years	1,558,344	1,651,628
In over five years	-	272,826
	1,990,437	2,340,377

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The creditor is secured on the assets to which it relates.

### 25 Provisions for liabilities

	Notes	2019 £	2018 £
Retirement benefit obligations	28, 29	4,292,500	3,339,000

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

### 26 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2019 £	Assets 2018 £
<b>Balances:</b>		
Accelerated capital allowances	(278,858)	(80,966)
Revaluations	-	(158,895)
Retirement benefit obligations	729,725	567,630
Short-term timing difference	30,494	30,978
	<u>481,361</u>	<u>358,747</u>
		<b>2019</b>
<b>Movements in the period:</b>		<b>£</b>
Liability/(Asset) at 30 September 2018		(358,747)
Charge to profit or loss		39,481
Credit to other comprehensive income		(162,095)
		<u>(481,361)</u>
Liability/(Asset) at 28 September 2019		<u>(481,361)</u>

It is impractical to estimate the movement of the deferred tax asset relating to retirement obligations in the 12 months following the balance sheet date, due to the estimation uncertainty over the related obligations, which can only be assessed following the next balance sheet date. This is also true of the deferred tax provision in respect of properties carried at valuation. Furthermore as at the signing date of these financial statements, the company has not finalised its capital expenditure programme for the forthcoming year, and therefore an assessment as to the likely movement of the related timing differences cannot be made.

### 27 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000 (2018: 2,681,527) Ordinary shares of £1 each	<u>1,000</u>	<u>2,681,527</u>

On 18 December 2018 the share capital of the company was reduced by cancelling and extinguishing 2,680,527 Ordinary £1 shares. The share premium account of £195,251 was also reduced to £nil.

## STONEGATE FARMERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

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#### 28 Retirement benefit schemes

##### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £179,748 (2018: £118,038).

##### Defined benefit schemes

The company operates pension arrangements providing benefits based on final pensionable salary for its employees. The assets in each of the schemes are held separately from those of the companies being invested by professional investment managers. There are two partly funded defined benefit schemes for which the company is responsible: the Stonegate Farmers Limited Scheme and the Thames Valley Eggs Limited Scheme.

The total net pension liability at the year end is £4,292,500 (2018: £3,339,000). This comprises a net liability of £1,959,500 (2018: £1,408,000) for the Stonegate Farmers Limited Scheme and a net liability of £2,333,000 (2018: £1,931,000) for the Thames Valley Eggs Limited Scheme. Further analysis for each scheme is provided below.

##### Stonegate Farmers Limited Scheme

The Stonegate Farmers Limited Scheme was paid up with no further accrual of future benefits with effect from 30 September 2001.

An actuarial valuation of Stonegate Farmers Limited Scheme as at 31 March 2015 showed a funding shortfall of £1.202 million. To eliminate the shortfall the Trustees and the Employer agreed:

An initial lump sum payment of £100,000;

Annual contributions of £222,000 per annum from 1 April 2015 until 31 March 2021.

The last actuarial valuation of the Stonegate Farmers Limited Scheme was as at 1 October 2016. The report has been updated to take accounts of the requirements of FRS 102 in order to assess the scheme deficit at 29 September 2018 and 28 September 2019.

##### Thames Valley Eggs Limited Scheme

The Thames Valley Eggs Limited Scheme was paid up with no further accrual of future benefits with effect from 1 October 2008.

An actuarial valuation of the Thames Valley Eggs Limited Scheme as at 1 October 2016 showed a funding shortfall of £1.818 million. To eliminate the shortfall the Trustees and the Employer agreed:

Annual contributions of £225,000 per annum from 1 October 2016 until 31 March 2025.

The last actuarial valuation of the Thames Valley Eggs Limited Scheme was as at 1 October 2016. The report has been updated to take accounts of the requirements of FRS 102 in order to assess the scheme deficit at 29 September 2018 and 28 September 2019.

In respect of the Stonegate Farmers Limited Scheme the major assumptions used by the actuary for FRS 102 purposes were:

# **STONEGATE FARMERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 28 SEPTEMBER 2019**

### **28 Retirement benefit schemes**

**(Continued)**

	<b>2019</b>	<b>2018</b>
<i>Key assumptions</i>	<b>%</b>	<b>%</b>
Discount rate	1.90	2.80
Expected rate of increase of pensions in payment	5.00	5.00
CPI inflation	2.20	2.50
Expected return on plan assets	2.80	2.80
	<b>=====</b>	<b>=====</b>
<i>Mortality assumptions</i>	<b>2019</b>	<b>2018</b>
Assumed life expectations on retirement at age 65:	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.2	22.3
- Females	24.1	24.2
	<b>=====</b>	<b>=====</b>
	<b>2019</b>	<b>2018</b>
<i>Amounts recognised in the profit and loss account</i>	<b>£</b>	<b>£</b>
Past service costs	136,500	-
Net interest on defined benefit liability/(asset)	44,000	53,000
	<b>=====</b>	<b>=====</b>
Total costs	180,500	53,000
	<b>=====</b>	<b>=====</b>
	<b>2019</b>	<b>2018</b>
<i>Amounts taken to other comprehensive income</i>	<b>£</b>	<b>£</b>
Return on scheme assets excluding interest income	(74,000)	(117,000)
Actuarial changes related to obligations	667,000	(238,000)
	<b>=====</b>	<b>=====</b>
Total costs/(income)	593,000	(355,000)
	<b>=====</b>	<b>=====</b>
The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:		
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Present value of defined benefit obligations	5,253,000	4,444,000
Fair value of plan assets	(3,291,000)	(3,036,000)
	<b>=====</b>	<b>=====</b>
Deficit in scheme	1,962,000	1,408,000
	<b>=====</b>	<b>=====</b>

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

### 28 Retirement benefit schemes

(Continued)

	2019 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 30 September 2018	4,444,000
Past service cost	139,000
Benefits paid	(123,000)
Actuarial gains and losses	667,000
Interest cost	126,000
	<hr/>
At 28 September 2019	5,253,000
	<hr/> <hr/>

The defined benefit obligations arise from plans which are wholly or partly funded.

	2019 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 30 September 2018	3,036,000
Interest income	82,000
Return on plan assets (excluding amounts included in net interest)	74,000
Benefits paid	(123,000)
Contributions by the employer	222,000
	<hr/>
At 28 September 2019	3,291,000
	<hr/> <hr/>

	2019 £	2018 £
<i>Fair value of plan assets at the reporting period end</i>		
Equities	1,975,000	1,731,000
Diversified Growth Funds	461,000	455,000
Fixed interest	591,000	546,000
Property	132,000	152,000
Cash	132,000	152,000
	<hr/>	<hr/>
	3,291,000	3,036,000
	<hr/> <hr/>	<hr/> <hr/>

### 29 Retirement benefit schemes

In respect of the Thames Valley Eggs Limited Scheme the major assumptions used by the actuary for FRS 102 purposes were:

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 SEPTEMBER 2019

### 29 Retirement benefit schemes

(Continued)

	2019	2018
	%	%
<i>Key assumptions</i>		
Discount rate	1.90	2.80
Expected rate of increase of pensions in payment	2.20/3.00	2.50/3.00
CPI inflation	2.20	2.50
Expected return on plan assets	2.80	2.80
	<u>          </u>	<u>          </u>
<i>Mortality assumptions</i>	2019	2018
	Years	Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.2	22.3
- Females	24.1	24.2
	<u>          </u>	<u>          </u>
	2019	2018
	£	£
<i>Amounts recognised in the profit and loss account</i>		
Net interest on defined benefit liability/(asset)	54,000	72,000
	<u>          </u>	<u>          </u>
	2019	2018
	£	£
<i>Amounts taken to other comprehensive income</i>		
Return on scheme assets excluding interest income	(104,000)	(183,000)
Actuarial changes related to obligations	677,000	(390,000)
	<u>          </u>	<u>          </u>
Total costs/(income)	573,000	(573,000)
	<u>          </u>	<u>          </u>
The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:		
	2019	2018
	£	£
Present value of defined benefit obligations	7,358,000	6,853,000
Fair value of plan assets	(5,025,000)	(4,922,000)
	<u>          </u>	<u>          </u>
Deficit in scheme	2,333,000	1,931,000
	<u>          </u>	<u>          </u>

# STONEGATE FARMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 SEPTEMBER 2019

### 29 Retirement benefit schemes

(Continued)

	2019 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 30 September 2018	6,853,000
Benefits paid	(364,000)
Actuarial gains and losses	677,000
Interest cost	192,000
	<hr/>
At 28 September 2019	7,358,000
	<hr/>

The defined benefit obligations arise from plans which are wholly or partly funded.

	2019 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 30 September 2018	4,922,000
Interest income	138,000
Return on plan assets (excluding amounts included in net interest)	104,000
Benefits paid	(364,000)
Contributions by the employer	225,000
	<hr/>
At 28 September 2019	5,025,000
	<hr/>

	2019 £	2018 £
<i>Fair value of plan assets at the reporting period end</i>		
Equities	2,613,000	2,264,000
Diversified Growth Funds	754,000	1,231,000
Fixed interest	1,005,000	935,000
Property	502,000	492,000
Cash	151,000	-
	<hr/>	<hr/>
	5,025,000	4,922,000
	<hr/>	<hr/>

## STONEGATE FARMERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 SEPTEMBER 2019

#### 30 Other reserves

The balance within other reserves represents a merger reserve.

#### 31 Financial commitments, guarantees and contingent liabilities

The company is party to a cross guarantee in favour of HSBC UK Bank plc. As part of the cross composite guarantee between the companies under common control, a mortgage debenture exists which provides HSBC UK Bank plc with charges over all company assets, as security against its exposure to debt. The total liability under this guarantee across these companies is £9,218,590 (2018: £nil).

During the prior year, the company was party to a cross guarantee in favour of Lloyds Bank plc. As part of the cross composite guarantee between the group companies, a mortgage debenture existed which provided Lloyds Bank plc with charges over all company assets, as security against its exposure to debt. The total liability under this guarantee across these companies is £nil (2018: £3,945,630).

#### 32 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	1,100,741	772,556
Between two and five years	3,053,966	1,666,409
In over five years	4,294,447	60,846
	<u>8,449,154</u>	<u>2,499,811</u>

#### 33 Related party transactions

During the year the company made purchases of £512,936 (2018: £271,510) from companies with common directors. At the year end a total of £500,478 (2018: £1,012,812) was due from companies with common directors, and a total of £130,008 (2018: £16,000) was due to companies with common directors.

In accordance with FRS102, Section 33 'Related Party Transactions', transactions with other group undertakings owned 100% within the group have not been disclosed in these financial statements.

#### 34 Directors' transactions

At 30 September 2017 £5,234 was due to the director by the company. During the previous year the company paid personal expenses of £9,364 on behalf of a director. At 29 September 2018 £4,130 was due to the company by the director.

During the year the company paid personal expenses of £628 on behalf of a director. At 28 September 2019 £4,758 was due to the company by the director.

## **STONEGATE FARMERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 28 SEPTEMBER 2019**

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#### **35 Ultimate controlling party**

The immediate parent company is Stonegate Holdings Limited.

Until December 2018 the ultimate parent company was Gott Agri Synergy Limited. In December 2018 a new holding company, Gott Agri Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, acquired all of the companies in the group. The largest and smallest group in which the results of the company are consolidated is that headed by Gott Agri Holdings Limited, registered office Addington Lodge, Nether Kellet, Carnforth, United Kingdom, LA6 1DZ. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Cardiff.

The ultimate controlling party is Mr A D Gott.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.