Company Registration No. 00740635 (England and Wales)

STONEGATE FARMERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 29 SEPTEMBER 2018

MHA Moore & Smalley
Trusted Thinking

STONEGATE FARMERS LIMITED

COMPANY INFORMATION

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

STONEGATE FARMERS LIMITED

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STONEGATE FARMERS LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 29 SEPTEMBER 2018

The directors present the strategic report for the period ended 29 September 2018.

Fair review of the business
The principal activity of the company is the production, packing and marketing of free range & organic eggs and egg products. In addition to Group rearing and laying farms the company contracts with a substantial number of 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 £68.4m (2017: £63.2m). Profit before tax for the period was £920,471 (2017: £2,758,894). Gross profit margin reduced to 8.9% (2017: 9.9%) due to competitive trading conditions. The Directors consider the company to be in a strong financial position given net assets of £23.0m and net current assets of £9.4m as at 29 September 2018.

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 infrastructure at the primary packing site and the company owned farms.

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. Within the competitive market place, 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.

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's operations expose it to interest rate risk on variable rate borrowings held within a fellow Group company. 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 Directors have 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 Directors 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 debt finance.

The company meets its day-to-day working capital requirements through a bank loan which is secured over the fixed assets of the Group.

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 egg production.

Key performance indicators

Given the straightforward nature of the company's operations, the Directors are 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

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Mr A D Gott

Director

26/2/19

STONEGATE FARMERS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 29 SEPTEMBER 2018

The directors present their annual report and financial statements for the period ended 29 September 2018.

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.

Directors
The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr A D Gott
Mr J D Sheppard

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

Ordinary dividends were paid amounting to £402,000. The directors do 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

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Mr A D Gott
Director
26/2/19

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 29 SEPTEMBER 2018

The directors are responsible for preparing the annual report 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 of the profit or loss of the company 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 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 directors are 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. They are 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.

Opinion

We have audited the financial statements of Stonegate Farmers Limited (the 'company') for the period ended 29 September 2018 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 29 September 2018 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 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 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 directors are 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 directors' 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 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 directors' responsibilities statement, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have 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.

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 them 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

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

26/02/19

STONEGATE FARMERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 29 SEPTEMBER 2018

	Notes	52 weeks ended 29 September 2018 £	52 weeks ended 30 September 2017 £
Turnover	3	68,375,926	63,245,192
Cost of sales		(62,314,987)	(56,978,957)
Gross profit		6,060,939	6,266,235
Administrative expenses		(8,251,169)	(6,306,718)
Other operating income		2,378,670	3,013,925
Exceptional item	4	(140,379)	-
Operating profit	5	48,061	2,973,442
Interest receivable and similar income	9	1,450,999	18,009
Interest payable and similar expenses	10	(292,755)	(232,557)
Amounts written off investments	11	(285,834)	-
Profit before taxation		920,471	2,758,894
Tax on profit	12	117,050	(856,907)
Profit for the financial period		1,037,521	1,901,987
Other comprehensive income			
Actuarial gain on defined benefit pension schemes		928,000	1,744,000
Tax relating to other comprehensive income		(158,919)	(377,575)
Total comprehensive income for the period		1,806,602	3,268,412

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

STONEGATE FARMERS LIMITED

BALANCE SHEET

AS AT 29 SEPTEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	14		12,231,488		12,085,842
Investments	16		6,576,962		6,862,796
			18,808,450		18,948,638
Current assets					
Stocks	18	725,225		479,604	
Debtors falling due after more than one year	17	358,747		579,072	
Debtors falling due within one year	17	31,273,793		29,752,038	
Cash at bank and in hand		629,009		778,960	
		32,986,774		31,589,674	
Creditors: amounts falling due within one year	19	(23,604,187)		(22,747,498)	
Net current assets			9,382,587		8,842,176
Total assets less current liabilities			28,191,037		27,790,814
Creditors: amounts falling due after more than one year	20		(1,924,454)		(1,678,833)
Provisions for liabilities	25		(3,339,000)		(4,589,000)
Net assets			22,927,583		21,522,981
Capital and reserves					
Called up share capital	24		2,681,527		2,681,527
Share premium account			195,251		195,251
Revaluation reserve			2,289,705		2,565,377
Other reserves	28		1,799,221		1,799,221
Profit and loss reserves			15,961,879		14,281,605
Total equity			22,927,583		21,522,981

The financial statements were approved by the board of directors and authorised for issue on 26/2/19 and are signed on its behalf by:

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Mr A D Gott
Director

Company Registration No. 00740635

STONEGATE FARMERS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 29 SEPTEMBER 2018

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 2 October 2016		2,681,527	195,251	2,602,872	1,799,221	11,327,698	18,606,569
Period ended 30 September 2017:							
Profit for the period		-	-	-	-	1,901,987	1,901,987
Other comprehensive income:							
Actuarial gains on defined benefit plans		-	-	-	-	1,744,000	1,744,000
Tax relating to other comprehensive income		-	-	(37,495)	-	(340,080)	(377,575)
Total comprehensive income for the period		-	-	(37,495)	-	3,305,907	3,268,412
Dividends	13	-	-	-	-	(352,000)	(352,000)
Balance at 30 September 2017		2,681,527	195,251	2,565,377	1,799,221	14,281,605	21,522,981
Period ended 29 September 2018:							
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	13	-	-	-	-	(402,000)	(402,000)
Transfers		-	-	(329,253)	-	329,253	-
Balance at 29 September 2018		2,681,527	195,251	2,289,705	1,799,221	15,961,879	22,927,583

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 Synergy Limited, registered office address Addington Lodge, Addington Road, Nether Kellet, Carnforth, LA6 1DZ.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue 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.

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 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.

1.5 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.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

1 Accounting policies **(Continued)**

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.

1.7 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.

1.8 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.

1.9 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.

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.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies **(Continued)**

1.11 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.

1.12 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.

1.13 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.

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.

1.14 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 the profit and loss account 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 income 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 lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

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.

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:

	2018	2017
	£	£
Turnover analysed by class of business		
Attributable to the principal activity	68,375,926	63,245,192

3 Turnover and other revenue (Continued)

	2018	2017
	£	£
Other significant revenue		
Interest income	2,712	18,009
Dividends received	1,448,287	-

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	68,375,926	63,245,192

4 Exceptional costs

	2018	2017
	£	£
Write off group debtor balance	140,379	-

5 Operating profit

	2018	2017
Operating profit for the period is stated after charging/(crediting):	£	£
Depreciation of owned tangible fixed assets	568,351	587,555
Depreciation of tangible fixed assets held under finance leases	291,206	64,867
Profit on disposal of tangible fixed assets	(31,950)	(35,324)
Cost of stocks recognised as an expense	55,461,592	51,295,215
Operating lease charges	789,175	594,737

6 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	29,650	28,830
For other services		
Taxation compliance services	8,500	8,250
Other taxation services	15,092	10,500
All other non-audit services	2,046	-
	25,638	18,750

7 Employees

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

	2018 Number	2017 Number
Production	102	96
Sales and distribution	75	70
Administration	38	34
	215	200

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	6,968,915	5,991,350
Social security costs	577,801	471,729
Pension costs	118,038	86,808
	7,664,754	6,549,887

8 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	122,749	131,506
Company pension contributions to defined contribution schemes	3,405	3,570
	126,154	135,076

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

9 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Other interest income	2,712	18,009
Income from fixed asset investments		
Income from shares in group undertakings	1,448,287	-
Total income	1,450,999	18,009

10 Interest payable and similar expenses

	2018	2017
	£	£
Interest on bank overdrafts and loans	88,021	44,058
Interest on finance leases and hire purchase contracts	39,814	-
Other interest on financial liabilities	39,920	19,499
Interest on the net defined benefit liability	125,000	169,000
	292,755	232,557

11 Amounts written off investments fixed asset investments

	2018	2017
	£	£
Amounts written off financial assets held at cost	(285,834)	-

12 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	-	370,560
Adjustments in respect of prior periods	(178,456)	220,493
Total current tax	(178,456)	591,053
Deferred tax		
Origination and reversal of timing differences	68,631	201,160
Changes in tax rates	(7,225)	64,694
Total deferred tax	61,406	265,854
Total tax (credit)/charge	(117,050)	856,907

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

	2018	2017
	£	£
Deferred tax arising on:		
Revaluation of property	(53,581)	37,495
Actuarial differences recognised as other comprehensive income	212,500	340,080
	158,919	377,575

12 Taxation *(Continued)*

The actual (credit)/charge 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:

	2018 £	2017 £
Profit before taxation	920,471	2,758,894
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	174,889	537,984
Tax effect of expenses that are not deductible in determining taxable profit	155,279	81,084
Tax effect of income not taxable in determining taxable profit	(275,175)	-
Adjustments in respect of prior years	(178,456)	220,493
Effect of change in corporation tax rate	(7,225)	64,694
Group relief	13,638	(47,348)
Taxation (credit)/charge for the period	(117,050)	856,907

13 Dividends

	2018 £	2017 £
Final paid	402,000	352,000

14 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 October 2017	8,819,510	6,644,372	494,691	15,958,573
Additions	220,873	1,124,533	191,347	1,536,753
Disposals	(390,000)	(1,648,389)	(199,844)	(2,238,233)
At 29 September 2018	8,650,383	6,120,516	486,194	15,257,093
Depreciation and impairment				
At 1 October 2017	817,922	2,687,280	367,529	3,872,731
Depreciation charged in the period	217,466	548,945	93,146	859,557
Eliminated in respect of disposals	(5,094)	(1,517,362)	(184,227)	(1,706,683)
At 29 September 2018	1,030,294	1,718,863	276,448	3,025,605
Carrying amount				
At 29 September 2018	7,620,089	4,401,653	209,746	12,231,488
At 30 September 2017	8,001,588	3,957,092	127,162	12,085,842

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

	2018	2017
	£	£
Plant and machinery	2,481,470	2,009,914
Depreciation charge for the period in respect of leased assets	291,206	64,867

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.

15 Subsidiaries

Details of the company's significant subsidiaries at 29 September 2018 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	
Stonegate Agriculture Limited	1	Egg production	Ordinary	100.00	
Thames Valley Eggs (Production) Limited	1	Rental of poultry houses	Ordinary		100.00

Registered Office addresses:

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

16 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	15	6,576,962	6,862,796

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 1 October 2017	6,862,796
Disposals	(285,834)
At 29 September 2018	6,576,962
Carrying amount	
At 29 September 2018	6,576,962
At 30 September 2017	6,862,796

17 Debtors

Amounts falling due within one year:	2018 £	2017 £
Trade debtors	7,252,640	6,993,927
Corporation tax recoverable	50,805	-
Amounts owed by group undertakings	22,275,182	21,961,721
Other debtors	1,385,843	690,949
Prepayments and accrued income	309,323	105,441
	31,273,793	29,752,038

Amounts falling due after more than one year:	2018 £	2017 £
Deferred tax asset (note 23)	358,747	579,072
Total debtors	31,632,540	30,331,110

18 Stocks

	2018 £	2017 £
Eggs, egg products and packaging	725,225	479,604

19 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	22	415,923	265,268
Other loans	21	3,951,814	1,663,743
Trade creditors		5,545,418	4,509,562
Amounts due to group undertakings		9,190,637	10,450,100
Corporation tax		-	369,251
Other taxation and social security		195,935	136,739
Other creditors		411,683	1,304,411
Accruals and deferred income		3,892,777	4,048,424
		23,604,187	22,747,498

20 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	22	1,924,454	1,678,833

21 Loans and overdrafts

	2018 £	2017 £
Other loans	3,951,814	1,663,743
Payable within one year	3,951,814	1,663,743

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.

22 Finance lease obligations

Future minimum lease payments due under finance leases:	2018 £	2017 £
Within one year	415,923	265,268
In two to five years	1,651,628	1,113,837
In over five years	272,826	564,996
	2,340,377	1,944,101

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.

23 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:

Balances:	Assets 2018 £	Assets 2017 £
Accelerated capital allowances	(80,966)	(22,815)
Revaluations	(158,895)	(212,476)
Retirement benefit obligations	567,630	780,130
Short-term timing difference	30,978	34,233
	358,747	579,072

Movements in the period:	2018 £
Liability/(Asset) at 1 October 2017	(579,072)
Charge to profit or loss	61,406
Charge to other comprehensive income	158,919
Liability/(Asset) at 29 September 2018	(358,747)

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.

24 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
2,681,527 Ordinary shares of £1 each	2,681,527	2,681,527
	2,681,527	2,681,527

25 Provisions for liabilities

	Notes	2018 £	2017 £
Retirement benefit obligations	26	3,339,000	4,589,000

26 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 £118,038 (2017: £86,808).

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 £3,339,000 (2017: £4,589,000). This comprises a net liability of £1,408,000 (2017: £1,932,000) for the Stonegate Farmers Limited Scheme and a net liability of £1,931,000 (2017: £2,657,000) 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 30 September 2017 and 29 September 2018.

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 30 September 2017 and 29 September 2018.

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

26 Retirement benefit schemes (Continued)

Key assumptions	**2018 %**	**2017 %**
Discount rate	2.80	2.70
Expected rate of increase of pensions in payment	5.00	5.00
CPI inflation	2.50	2.50
Expected return on plan assets	2.80	2.70

Mortality assumptions	**2018**	**2017**
Assumed life expectations on retirement at age 65:	**Years**	**Years**
Retiring today		
- Males	22.3	22.8
- Females	24.2	24.9

Amounts recognised in the profit and loss account	**2018 £**	**2017 £**
Net interest on defined benefit liability/(asset)	53,000	63,000

Amounts taken to other comprehensive income	**2018 £**	**2017 £**
Return on scheme assets excluding interest income	(117,000)	3,000
Actuarial changes related to obligations	(238,000)	(288,000)
Total costs/(income)	(355,000)	(285,000)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2018 £	**2017 £**
Present value of defined benefit obligations	4,444,000	4,647,000
Fair value of plan assets	(3,036,000)	(2,715,000)
Deficit in scheme	1,408,000	1,932,000

26 Retirement benefit schemes **(Continued)**

Movements in the present value of defined benefit obligations	**2018 £**
Liabilities at 1 October 2017	4,647,000
Benefits paid	(92,000)
Actuarial gains and losses	(238,000)
Interest cost	127,000
At 29 September 2018	4,444,000

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

Movements in the fair value of plan assets	**2018 £**
Fair value of assets at 1 October 2017	2,715,000
Interest income	74,000
Return on plan assets (excluding amounts included in net interest)	117,000
Benefits paid	(92,000)
Contributions by the employer	222,000
At 29 September 2018	3,036,000

Fair value of plan assets at the reporting period end	**2018 £**	**2017 £**
Equities	1,731,000	1,602,000
Diversified Growth Funds	455,000	407,000
Fixed interest	546,000	516,000
Property	152,000	136,000
Cash	152,000	54,000
	3,036,000	2,715,000

27 Retirement benefit schemes

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

27 Retirement benefit schemes **(Continued)**

Key assumptions	2018 %	2017 %
Discount rate	2.80	2.70
Expected rate of increase of pensions in payment	2.50/3.00	2.50/3.00
CPI inflation	2.50	2.50
Expected return on plan assets	2.80	2.70

Mortality assumptions	2018	2017
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	22.3	22.8
- Females	24.2	24.9

Amounts recognised in the profit and loss account	2018 £	2017 £
Net interest on defined benefit liability/(asset)	63,000	106,000

Amounts taken to other comprehensive income	2018 £	2017 £
Return on scheme assets excluding interest income	(183,000)	11,000
Actuarial changes related to obligations	(390,000)	(1,470,000)
Total costs/(income)	(573,000)	(1,459,000)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2018 £	2017 £
Present value of defined benefit obligations	6,853,000	7,505,000
Fair value of plan assets	(4,922,000)	(4,848,000)
Deficit in scheme	1,931,000	2,657,000

27 Retirement benefit schemes (Continued)

Movements in the present value of defined benefit obligations	2018 £
Liabilities at 1 October 2017	7,505,000
Benefits paid	(465,000)
Actuarial gains and losses	(390,000)
Interest cost	203,000
At 29 September 2018	6,853,000

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

Movements in the fair value of plan assets	2018 £
Fair value of assets at 1 October 2017	4,848,000
Interest income	131,000
Return on plan assets (excluding amounts included in net interest)	183,000
Benefits paid	(465,000)
Contributions by the employer	225,000
At 29 September 2018	4,922,000

Fair value of plan assets at the reporting period end	2018 £	2017 £
Equities	2,264,000	2,085,000
Diversified Growth Funds	1,231,000	1,212,000
Fixed interest	935,000	921,000
Property	492,000	485,000
Cash	-	145,000
	4,922,000	4,848,000

28 Other reserves

The balance within other reserves represents a merger reserve.

29 Financial commitments, guarantees and contingent liabilities

The company is 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 exists which provides 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 amounted to £3,945,630 (2017: £6,884,717, which also included a cross guarantee with Lloyds Bank Commercial Finance Limited).

30 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:

	2018	2017
	£	£
Within one year	772,556	731,078
Between two and five years	1,666,409	2,033,147
In over five years	60,846	243,383
	2,499,811	3,007,608

31 Related party transactions

During the year the company made sales of £nil (2017: £222,285) to companies with common directors and made purchases of £271,510 (2017: £1,554,848) from companies with common directors. At the year end a total of £1,012,812 (2017: £755,024) was due from companies with common directors, and a total of £16,000 (2017: £33,681) 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.

32 Directors' transactions

During the previous year the company paid personal expenses of £94,766 on behalf of a director, and repayments of £100,000 were made by the director. At the year end £5,234 was due to the director by the company.

During the year the company paid personal expenses of £9,364 on behalf of a director. At the year end £4,130 was due to the company by the director.

33 Controlling party

The immediate parent company is Stonegate Holdings Limited.

The ultimate parent company is Gott Agri Synergy Limited, a company incorporated in Great Britain and registered in England and Wales. The largest and smallest group in which the results of the company are consolidated is that headed by Gott Agri Synergy Limited, registered office Addington Lodge, Addington Road, 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.

34 Events after the reporting date

In December 2018 a new holding company, Gott Agri Holdings Limited, acquired all of the companies in the group. The controlling party of Gott Agri Holdings Limited is Mr A D Gott. Certain properties held within the group were transferred to Agri Investments Limited, a company under common control.

On 26 October 2018, a Lloyds Bank Court Judgment took place regarding how to take account of Guaranteed Minimum Pensions ("GMPs") inequalities between men and women accrued between 1990 and 1997, which may result in higher payments due.

The judgement indicated that there would be several methods to address removing the inequalities in the schemes affected and it will be some time before the solution for schemes is decided upon and implemented, due to challenges around membership data and the uncertainties around this data and how then to apply. Each method at present comes with a certain amount of uncertainty and estimations are un-avoidable.

The judgment also stated that if the employer agreed, then a method 'D2', which uses the GMP conversion legislation to convert GMP to non-GMP benefits, could be considered. The company operates 2 schemes. We have worked alongside our actuarial advisors, and estimate that the impact of adopting method D2 in implementing the requirement for GMP equalisation will increase the liability in one of the schemes by 2.63% or £117,000. If the liability in the other scheme were to increase by the same percentage, this would equate to an increase in the liability in the other scheme of £180,000.

However, this estimate could vary depending on specific circumstances of the scheme e.g. the age profile and gender of the membership as well as specific scheme rules, administrative practices and the ages at which current pensioners retired.

Further there are a wide range of features that can impact on the cost of GMP equalisation and many of these have an unknown impact at this stage. This includes the precise method of equalisation, how pension increases will be allowed for and the treatment of former beneficiaries (e.g. Transfers Out).