

Company Registration No. 00740635 (England and Wales)

STONEGATE FARMERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2 OCTOBER 2021

STONEGATE FARMERS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Director | Mr A D Gott |
| Company number | 00740635 |
| Registered office | Lacock Green 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 YEAR ENDED 2 OCTOBER 2021

The director presents the strategic report for the year ended 2 October 2021.

Principal activity

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.

Fair review of the business

The company experienced turnover growth of 32% in the period to £102.5m (2020: £77.7m). Operating profit was £1.5m (2020: £1.6m) reflecting the impact of some surplus on supply of egg during the year, coupled with inflationary pressures particularly around the cost of feed.

The director considers the company to be in a strong financial position given net assets of £14.1m as at 2 October 2021 (2020: £12.2m).

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.

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 company's 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 built on its investment 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 YEAR ENDED 2 OCTOBER 2021

Principal risks and uncertainties

We have a long and strong relationship with our customers, working together to ensure the end consumer demands, both now and in the future, can be met and often exceeded. We continue to monitor market 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.

Health & Safety risk

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 Senior management team. The policies set by the Senior management team 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 longer-term asset finance and short-term debt finance.

STONEGATE FARMERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

Principal risks and uncertainties (continued)

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. Being a 100% free range and organic operation, and so having long removed ourselves from caged and barn egg production, the business is less at risk from consumer and retail pressure against intensive egg production associated with lower welfare standards.

The UK's exit from the EU

While the director can't predict what the longer-term impact of the UK's exit from the EU will be, the senior management team will continue to monitor the position and its potential impact on our business. The business benefits from 100% of its egg coming from UK farms and very little egg being sold outside the UK.

Covid-19

The outbreak of the Covid-19 virus continued to have significant impact on a large number of businesses in 2021. However, food producers have been less severely impacted than many businesses and the director believes that the company is well placed to minimise any impact.

Management are continuously assessing the impact of the coronavirus on clients, suppliers and employees. Regular contact is taking place throughout the supply chain to minimise any disruption. Strategies and procedures have been in place for employees safety including working remotely where feasibly, and for additional site labour to quickly be sourced if and when required, all of which provides the business the flexibility it requires to both prepare for and react to the ever-changing unprecedented circumstances.

Russia-Ukraine war

The invasion of Ukraine by Russia in February 2022 has created significant uncertainty in many commodity markets, most notably feed, fuel and energy costs. Where forward positions have been taken the company is protected from that cover in the short to medium term. Costs that are exposed to the current market volatility are being managed pro-actively through sympathetic engagement with our strategic suppliers and customers. The company remains confident of its ability to appropriately manage the short to medium term volatility being generated by the conflict in Ukraine.

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.

STONEGATE FARMERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

Health, safety and environment

The key focus of the business continues to be health, safety, quality and the environment. The health and safety of all employees remains paramount particularly during recent and ongoing times regarding Covid-19.

Our policies aim to provide and support a culture where health, safety, quality and the environment are consistently on our agenda. This has been achieved by ensuring that our team receive adequate training and feel empowered to raise any concerns that they may have. Continuing to pack eggs has been important for our consumers during Covid-19 so we have worked hard to ensure we provide the correct personal protective equipment to ensure our employees are as safe as possible at work.

From the Food Quality Management System perspective, we are accredited against the British Retail Consortium (Global Food Safety Initiative) rather than following ISO9001. Our current BRC grade is AA for shell egg and the convenience foods sites. The scope of these accreditations is as follows:

Shell Egg

Grading and packing, of hen, goose, ostrich, pheasant, quail, duck, emu, turkey, rhea and guinea fowl eggs. Packing into pulp or plastic cartons.

Convenience Foods

The cooking (boiling), cooling and shelling of hen and quails eggs, the blending of sandwich fillings and the assembly of hen and quail eggs with and without value-added components or brine into MAP, Non-MAP and bulk buckets and bags. The poaching and pasteurisation and brining of eggs packed into plastic film lidded trays. The breaking, pasteurisation of liquid egg with and without additions, packed into IBC bags, retail cartons and 'bag in box'. The filling of raw egg whites into IBC bags.

Both Sites are also accredited against the BEIC (British Egg Industry Council) Lion Code, RSPCA (Royal Society for The Prevention of Cruelty to Animals) and Organic Food Standards with both Organic Farmers and Growers and Soil Association.

Stonegate Farmers are also member of Campden BRI Food Research Organisation and the Chilled Foods

~~s172 statement~~

This statement by the director describes how the responsibilities under s172 (1) (a) to (f) of the Companies Act 2006 have been approached.

The director:

- considers having acted in good faith to promote the success of the company on behalf of the employees, clients and suppliers of the business in relation to matters set out in s172.
- monitors and reviews strategic objectives against growth plans, and regular reviews at departmental and senior management team level are held across the business in the key areas being H&S, Financial performance, Operations, Human Resources and Risks and Opportunities.
- considers H&S fundamental to the management of the business. Safe working practices that minimise environmental impact are key to the success of the business and vitally important for our stakeholders, the communities, and the environments we work in.
- recognises and understands that it is important to keep employees informed of all matters concerning them and does this in several ways including site notices, meetings, verbal and written communications. The views and interests of employees are considered in consultation with them through working groups or forums, which evolve over time to meet the needs of all parties. The policy of the company is to consult and discuss with employees any issues that arise in accordance with relevant procedures or legislation.

STONEGATE FARMERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

The fundamental principle in the governance of Stonegate Farmers is the clear, fair and trusting approach to all interactions with employees, clients and suppliers; this is reflected in the length of service of employees and management teams and the longevity of the relationships with our clients and suppliers.

The company's employees, clients and suppliers are critical to the success of the business and so it is recognised that engagement is an important aspect in those relationships.

The company has an equal opportunities policy and is committed to the principles within the policy in respect of all stakeholders.

The company has built, and continues to grow, the business on a reputation for delivering excellent customer service. The company, through the senior management team and employees, strives continuously to improve in every aspect of the products and services it provides, for the mutual benefit of all stakeholders.

The director, supported by the senior management team, has overall responsibility for delivering the company's strategy and values and for ensuring high standards of governance. The primary aim of the director is to promote the long-term sustainable success of the company to generate benefit for the stakeholders.

On behalf of the board

Mr A D Gott
Director

6 May 2022

STONEGATE FARMERS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 2 OCTOBER 2021

The director presents his annual report and financial statements for the year ended 2 October 2021.

Principal activities

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.

Results and dividends

The results for the year are set out on page 15.

Ordinary dividends were paid amounting to £139,800. The director does not recommend payment of a further dividend.

Director

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

Mr A D Gott

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The director recognises that the future success of the business is highly dependent upon the loyalty, skills and motivation of company's employees and, therefore, encourages the supply of information on the progress of their business unit and the company as a whole. Employee participation in improving the efficiency of the business is actively sought at all levels through regular meetings. The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Future developments

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 and new egg processing facility.

Auditor

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

STONEGATE FARMERS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

Energy and carbon report

| | 2021 kWh | 2020 kWh |
|--|--------------------------|--------------------------|
| <i>Energy consumption</i> | | |
| Aggregate of energy consumption in the year | | |
| - Gas combustion | 1,603,899 | 78,890 |
| - Fuel consumed for transport | 9,985,285 | 11,682,212 |
| - Electricity purchased | 2,714,647 | 1,475,025 |
| | <u>14,303,831</u> | <u>13,236,127</u> |
| | | |
| | 2021 metric tonnes | 2020 metric tonnes |
| <i>Emissions of CO2 equivalent</i> | | |
| Scope 1 - direct emissions | | |
| - Gas combustion | 454.00 | 24.00 |
| - Fuel consumed for owned transport | 2,623.00 | 3,071.00 |
| | <u>3,077.00</u> | <u>3,095.00</u> |
| Scope 2 - indirect emissions | | |
| - Electricity purchased | 58.00 | 417.00 |
| Scope 3 - other indirect emissions | | |
| - Fuel consumed for transport not owned by the company | 58.00 | 66.00 |
| | <u>3,193.00</u> | <u>3,578.00</u> |
| Total gross emissions | | |
| | <u>3,193.00</u> | <u>3,578.00</u> |
| | | |
| <i>Intensity ratio</i> | | |
| Tonnes CO2e per 100,000 eggs sold | 0.34 | 0.5 |

Quantification and reporting methodology

Utilities - invoices from electricity and gas suppliers were provided, with energy consumption expressed in kilowatt hours. Emissions were calculated using a representative average mix.

Use of fuel for transport - fuel consumption by company owned and long-term hire vehicles is recorded by fuel cards and bunker drawings and is expressed in litres. One litre of diesel corresponds to 2.68kg of CO2. Short term hire vehicles are excluded.

Emissions from business travel in company cars and employee-owned vehicles – car mileage is recorded in employee expense claims. Petrol cars are assumed to average 36mpg, diesel, 43mpg and hybrid 59mpg. One litre of diesel corresponds to 2.68kg of CO2 and one litre of petrol corresponds to 2.31kgs of CO2.

Intensity measurement

The company also uses the following intensity measurement:
kWh per 100,000 eggs sold – 1,542 (2020: 1,859)

STONEGATE FARMERS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

Measures taken to improve energy efficiency

General

In 2016 the company invested in renewable energy with the introduction of solar capture at its main site in Lacock. Solar panels have also been installed at three of our own farm sites in 2021.

Where electricity is required from external sources the company buys 100% zero carbon electricity from renewable generation.

Power saving remains a key part of our environmental strategy, from employee awareness and engagement to the type of equipment we purchase.

We monitor usage across all sites to allow us to better understand when and how power is being consumed.

Where we are purchasing new or replacement equipment, we focus on energy efficiency and sustainability.

Voltage optimisation helps protect equipment by reducing heat and vibration and allows demand to be better managed.

Transport Fuels

The company continues to operate a fleet of Volvo tractor and rigid motive units. New Volvo FH500 Globetrotter tractor units with Euro 6 engines were acquired January 2021. These vehicles were selected primarily for their incredibly good fuel economy and monitoring technology. The rigid fleet is due to be replaced in 2022 and will be supplied by Volvo to source efficient and environmentally friendly diesel trucks.

To further minimise fuel consumption the company regularly reviews vehicle routing and utilisation, using forward forecasts of eggs available for collection from farms to optimise load fill. Drivers are regularly monitored and assessed for their driving style to aid fuel economy and to reduce wear & tear on vehicles. The company employ a driver trainer to facilitate continued driving style improvement.

The company continue to operate a fleet of 12 Mercedes sprinter vans for customer deliveries in London. Six vehicles were new in 2019 and six additional were new in 2021. Staff and visitors to the Lacock site can take advantage of charging facilities for electric cars.

Stonegate are in collaboration with Volvo Head office to identify a gas or alternative fuel vehicle that can operate effectively for Stonegate operation, the vision is to operate a fleet of gas or alternative fuel vehicle by 2028.

Waste

The principal objective for waste management is to minimise the production of waste. However, where waste is created the company ensures waste products are fully recycled where possible.

The company uses wastewater capture for vehicle washing.

Raw material waste is minimised through the efficient capture and processing of damaged items. Where damaged product cannot be used for human consumption it is collected and sold for animal consumption or energy production.

Currently waste eggshell created from liquid egg manufacture is a naturally composting component which goes back into the land.

STONEGATE FARMERS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

Measures taken to improve energy efficiency (continued)

Farming

Stonegate's farming estates comprise company-owned and independent privately owned facilities; farms of different size and layout, some built recently, others as much as 25 years old. All our farms operate to the same high consumer expectation, which is to say that every animal under our umbrella, directly or indirectly, is expected to lead a good life, cared for by empathetic and responsible farmers.

The RSPCA Assured and Lion Code provide the backbone of farm assurance, covering aspects of bird welfare, traceability, food hygiene and good agricultural practice. Independent auditors assigned by these certifying bodies inspect farms each year, and issue conformity documents to allow farms to participate in our marketplace. 100% of Stonegate's production is accredited to both RSPCA Assured and Lion Code of Practice. Every hen has access to a defined outdoor area every day, and the RSPCA's five freedoms of good animal welfare are strictly observed: freedom from hunger and thirst, discomfort, pain or disease, fear and distress and free to express natural behaviour.

Stonegate have long served some of the nation's most trusted and revered food retailers and, as such, go well beyond the industry-wide thresholds for farming standards. In addition to the annual inspections, Stonegate's own team of qualified and experienced field team support every farm in maintaining the highest standards, conducting physical inspections at least every quarter. We measure a huge amount of data from every farm and use performance benchmarking, via trade-specific software, to drive continuous improvement and competition, sharing best practice via social media and face to face engagement.

We have conducted detailed carbon foot printing on many of our farms during 2021, identifying the range of emissions from the greatest contributing aspect of our total operations; egg production, defined within our Scope 3 emissions. This work has afforded us insight into the drivers of emissions in our whole supply chain and has informed the development of our recently launched Respectful brand of eggs.

Under the Respectful specification, imported soy is replaced with homegrown sources of protein, and in conjunction with other features of our supply farms, has delivered 50% reductions in CO₂e/kg. According to the certifying body, Climate Partner GmbH, the production of eggs to the farm gate represents three quarters of all emissions in the product lifecycle, so a 50% reduction is significant. Respectful are the UK's first carbon neutral eggs, with the remaining balance of emissions offset through high standard carbon credits, supporting several projects to protect the Amazon rainforest in Brazil.

Elsewhere, we have commissioned studies into animal behaviour and nutrition via both academia and trade. We're sponsoring a PhD study at the renowned poultry behaviour faculty in Bristol University, and as part of our ongoing response to the environmental concerns reported in the Wye & Usk catchment area, we're researching how phosphorus in manure can be reduced through changes in dietary protein with a leading feed manufacturer.

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.

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.

STONEGATE FARMERS LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 2 OCTOBER 2021**

On behalf of the board

Mr A D Gott
Director

6 May 2022

STONEGATE FARMERS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 2 OCTOBER 2021

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

Opinion

We have audited the financial statements of Stonegate Farmers Limited (the 'company') for the year ended 2 October 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 2 October 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the company's ability to continue to adopt the going concern basis of accounting included a review of: the forecasts covering at least twelve months from the approval of the financial statements, the post year end management accounts, and the up to date cash position. We observed that there appears to be sufficient financial headroom to continue trading for at least twelve months from the approval of the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

STONEGATE FARMERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STONEGATE FARMERS LIMITED

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 year 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.

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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquires with management about any known or suspected instances of fraud;
- Review of minutes of meetings of management;
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls;
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.

We identified the following areas as those most likely to have a material impact on the financial statements: employment law, health and safety legislation, food hygiene and safety regulations, and compliance with the UK Companies Act.

STONEGATE FARMERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STONEGATE FARMERS LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 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

10 May 2022

STONEGATE FARMERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 2 OCTOBER 2021

| | | 53 weeks ended 2 October 2021 £ | 52 weeks ended 26 September 2020 £ |
|---|----------|---|--|
| | Notes | | |
| Turnover | 3 | 102,531,875 | 77,698,379 |
| Cost of sales | | (95,317,718) | (70,521,600) |
| Gross profit | | <u>7,214,157</u> | <u>7,176,779</u> |
| Administrative expenses | | (15,803,688) | (12,444,080) |
| Other operating income | | 10,116,318 | 6,874,096 |
| Operating profit | 4 | <u>1,526,787</u> | <u>1,606,795</u> |
| Interest receivable and similar income | 7 | 562 | 1,003,521 |
| Interest payable and similar expenses | 8 | (234,250) | (204,171) |
| Profit before taxation | | <u>1,293,099</u> | <u>2,406,145</u> |
| Tax on profit | 9 | (496,084) | (252,520) |
| Profit for the financial year | | <u>797,015</u> | <u>2,153,625</u> |
| Other comprehensive income | | | |
| Actuarial gain on defined benefit pension schemes | | 1,526,000 | 1,095,000 |
| Tax relating to other comprehensive income | | (289,940) | (208,050) |
| Total comprehensive income for the year | | <u><u>2,033,075</u></u> | <u><u>3,040,575</u></u> |

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

STONEGATE FARMERS LIMITED

BALANCE SHEET

AS AT 2 OCTOBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|--|-------|---------------------|---|---------------------|---|
| Fixed assets | | | | | |
| Intangible assets | 11 | 115,259 | | 151,222 | |
| Tangible assets | 12 | 11,204,105 | | 8,196,914 | |
| Investments | 13 | 6,069 | | 6,069 | |
| | | <u>11,325,433</u> | | <u>8,354,205</u> | |
| Current assets | | | | | |
| Stocks | 15 | 1,291,089 | | 946,693 | |
| Debtors | 16 | 25,013,920 | | 23,861,773 | |
| Cash at bank and in hand | | 877,965 | | 1,435,393 | |
| | | <u>27,182,974</u> | | <u>26,243,859</u> | |
| Creditors: amounts falling due within one year | 17 | <u>(18,503,875)</u> | | <u>(18,312,945)</u> | |
| Net current assets | | <u>8,679,099</u> | | <u>7,930,914</u> | |
| Total assets less current liabilities | | <u>20,004,532</u> | | <u>16,285,119</u> | |
| Creditors: amounts falling due after more than one year | 18 | (3,943,168) | | (1,208,054) | |
| Provisions for liabilities | | | | | |
| Deferred tax liability | 22 | 811,894 | | 25,870 | |
| Defined benefit pension liability | 23 | 1,137,000 | | 2,832,000 | |
| | | <u>(1,948,894)</u> | | <u>(2,857,870)</u> | |
| Net assets | | <u>14,112,470</u> | | <u>12,219,195</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 25 | 1,000 | | 1,000 | |
| Profit and loss reserves | | 14,111,470 | | 12,218,195 | |
| Total equity | | <u>14,112,470</u> | | <u>12,219,195</u> | |

The financial statements were approved and signed by the director and authorised for issue on 6 May 2022

Mr A D Gott
Director

Company Registration No. 00740635

STONEGATE FARMERS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 2 OCTOBER 2021

| | | Share capital | Merger reserves | Profit and loss reserves | Total |
|--|-------|---------------|--------------------|-----------------------------|------------|
| | Notes | £ | £ | £ | £ |
| Balance at 29 September 2019 | | 1,000 | 1,799,221 | 7,605,499 | 9,405,720 |
| Year ended 26 September 2020: | | | | | |
| Profit for the year | | - | - | 2,153,625 | 2,153,625 |
| Other comprehensive income: | | | | | |
| Actuarial gains on defined benefit plans | | - | - | 1,095,000 | 1,095,000 |
| Tax relating to other comprehensive income | | - | - | (208,050) | (208,050) |
| Total comprehensive income for the year | | - | - | 3,040,575 | 3,040,575 |
| Bonus issue of shares | 25 | 1,799,221 | (1,799,221) | - | - |
| Dividends | 10 | - | - | (227,100) | (227,100) |
| Reduction of shares | 25 | (1,799,221) | - | 1,799,221 | - |
| Balance at 26 September 2020 | | 1,000 | - | 12,218,195 | 12,219,195 |
| Year ended 2 October 2021: | | | | | |
| Profit for the year | | - | - | 797,015 | 797,015 |
| Other comprehensive income: | | | | | |
| Actuarial gains on defined benefit plans | | - | - | 1,526,000 | 1,526,000 |
| Tax relating to other comprehensive income | | - | - | (289,940) | (289,940) |
| Total comprehensive income for the year | | - | - | 2,033,075 | 2,033,075 |
| Dividends | 10 | - | - | (139,800) | (139,800) |
| Balance at 2 October 2021 | | 1,000 | - | 14,111,470 | 14,112,470 |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 2 OCTOBER 2021

1 Accounting policies

Company information

Stonegate Farmers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lacock Green, 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. 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 Stonegate Food Group Limited, registered office Lacock Green, Corsham Road, Lacock, Chippenham, Wiltshire, SN15 2LZ.

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

1 Accounting policies

(Continued)

1.2 Going concern

The outbreak of the Covid-19 virus continued to have significant impact on a large number of businesses in 2021. However, food producers have been less severely impacted than many businesses and the director believes that the company is well placed to minimise any impact.

Management are continuously assessing the impact of the coronavirus on clients, suppliers and employees. Regular contact is taking place throughout the supply chain to minimise any disruption. Strategies and procedures have been in place for employees safety including working remotely where feasibly, and for additional site labour to quickly be sourced if and when required, all of which provides the business the flexibility it requires to both prepare for and react to the ever-changing unprecedented circumstances.

The measures taken by the government to slow down the spread of the virus have resulted in an increased demand for the company's products. Actions have been taken in the past to enable the business to establish a strong financial platform, and this together with the current balance sheet strength positions the company well.

After considering the impact of the above, 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.

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; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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 |
|----------|----------------------|

1.5 Tangible fixed assets

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

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

1 Accounting policies

(Continued)

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.

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.

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 OCTOBER 2021

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash and cash equivalents 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.

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.

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, and loans from fellow group 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.

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.

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

1 Accounting policies

(Continued)

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.

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 YEAR ENDED 2 OCTOBER 2021

1 Accounting policies

(Continued)

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

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.

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Accruals and provisions

At each balance sheet date, management undertake an assessment of the costs which have not yet been invoiced based upon their contractual arrangements and include appropriate provisions for these costs.

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 director estimates 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 in adhering to the criteria of FRS102, Section 28 'Employee benefits', the director uses 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 director believes 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:

| | 2021 £ | 2020 £ |
|---|--------------------|-------------------|
| Turnover analysed by class of business | | |
| Attributable to the principal activity | 102,531,875 | 77,698,379 |
| | <u>102,531,875</u> | <u>77,698,379</u> |
| | 2021 £ | 2020 £ |
| Other significant revenue | | |
| Interest income | 562 | 743 |
| Dividends received | - | 1,002,778 |
| | <u>562</u> | <u>1,002,778</u> |
| | 2021 £ | 2020 £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 102,531,875 | 77,698,379 |
| | <u>102,531,875</u> | <u>77,698,379</u> |

STONEGATE FARMERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 2 OCTOBER 2021****4 Operating profit**

| | 2021 | 2020 |
|---|-------------|-------------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Depreciation of owned tangible fixed assets | 372,671 | 400,110 |
| Depreciation of tangible fixed assets held under finance leases | 662,897 | 309,887 |
| Profit on disposal of tangible fixed assets | (18,358) | (3,116) |
| Amortisation of intangible assets | 35,963 | 28,159 |
| Operating lease charges | 1,256,839 | 1,100,741 |

5 Auditor's remuneration

| | 2021 | 2020 |
|---|-------------|-------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 23,950 | 26,025 |
| For other services | | |
| Taxation compliance services | 8,975 | 8,750 |
| Other taxation services | 17,000 | 13,155 |
| All other non-audit services | 3,900 | 1,700 |
| | 29,875 | 23,605 |

6 Employees

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

| | 2021 | 2020 |
|------------------------|---------------|---------------|
| | Number | Number |
| Production | 171 | 138 |
| Sales and distribution | 88 | 79 |
| Administration | 66 | 52 |
| Total | 325 | 269 |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 2 OCTOBER 2021**

| | | | |
|----------|--|--------------------|------------------|
| 6 | Employees | (Continued) | |
| | Their aggregate remuneration comprised: | | |
| | | 2021 | 2020 |
| | | £ | £ |
| | Wages and salaries | 10,667,941 | 8,774,520 |
| | Social security costs | 928,759 | 733,484 |
| | Pension costs | 323,954 | 252,449 |
| | | <u>11,920,654</u> | <u>9,760,453</u> |
| 7 | Interest receivable and similar income | | |
| | | 2021 | 2020 |
| | | £ | £ |
| | Interest income | | |
| | Other interest income | 562 | 743 |
| | Income from fixed asset investments | | |
| | Income from shares in group undertakings | - | 1,002,778 |
| | Total income | <u>562</u> | <u>1,003,521</u> |
| 8 | Interest payable and similar expenses | | |
| | | 2021 | 2020 |
| | | £ | £ |
| | Interest on bank overdrafts and loans | 48,787 | 43,570 |
| | Other interest on financial liabilities | 57,759 | 40,042 |
| | Interest on finance leases and hire purchase contracts | 79,704 | 39,059 |
| | Net interest on the net defined benefit liability | 48,000 | 81,500 |
| | | <u>234,250</u> | <u>204,171</u> |
| 9 | Taxation | | |
| | | 2021 | 2020 |
| | | £ | £ |
| | Current tax | | |
| | Adjustments in respect of prior periods | - | (46,661) |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

9 Taxation

(Continued)

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Deferred tax | | |
| Origination and reversal of timing differences | 263,293 | 462,336 |
| Changes in tax rates | 195,735 | (67,487) |
| Adjustment in respect of prior periods | 37,056 | (95,668) |
| Total deferred tax | 496,084 | 299,181 |
| Total tax charge | 496,084 | 252,520 |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Profit before taxation | 1,293,099 | 2,406,145 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | 245,689 | 457,168 |
| Tax effect of expenses that are not deductible in determining taxable profit | 18,750 | 186,440 |
| Tax effect of income not taxable in determining taxable profit | - | (212,269) |
| Adjustments in respect of prior years | - | (46,661) |
| Effect of change in corporation tax rate | 195,735 | (67,487) |
| Group relief | 176,052 | 30,997 |
| Research and development tax credit | (68,102) | - |
| Other permanent differences | (109,096) | - |
| Under/(over) provided in prior years | 37,056 | (95,668) |
| Taxation charge for the year | 496,084 | 252,520 |

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

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Deferred tax arising on: | | |
| Actuarial differences recognised as other comprehensive income | 289,940 | 208,050 |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 OCTOBER 2021

9 Taxation

(Continued)

Factors affecting future tax and charges

In March 2021 the Chancellor confirmed, in the budget, an increase in the corporation tax rate from 19% to 25%. The Finance Bill 2021 had its third reading on 24 May 2021 and is now considered substantively enacted. The timing differences expected to reverse on or after 1 April 2023 have been accounted for at 25% and therefore deferred tax has been provided for at 25% (2020: 19%).

10 Dividends

| | 2021 £ | 2020 £ |
|------------|-----------|-----------|
| Final paid | 139,800 | 227,100 |

11 Intangible fixed assets

| | Software £ |
|---|---------------|
| Cost | |
| At 27 September 2020 and 2 October 2021 | 190,013 |
| Amortisation and impairment | |
| At 27 September 2020 | 38,791 |
| Amortisation charged for the year | 35,963 |
| At 2 October 2021 | 74,754 |
| Carrying amount | |
| At 2 October 2021 | 115,259 |
| At 26 September 2020 | 151,222 |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

12 Tangible fixed assets

| | Freehold land and buildings | Plant and machinery | Motor vehicles | Total |
|------------------------------------|--------------------------------|------------------------|----------------|------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 27 September 2020 | 904,446 | 11,015,273 | 336,511 | 12,256,230 |
| Additions | - | 4,211,901 | - | 4,211,901 |
| Disposals | - | (302,000) | (13,875) | (315,875) |
| At 2 October 2021 | 904,446 | 14,925,174 | 322,636 | 16,152,256 |
| Depreciation and impairment | | | | |
| At 27 September 2020 | 904,446 | 2,929,806 | 225,064 | 4,059,316 |
| Depreciation charged in the year | - | 984,230 | 51,338 | 1,035,568 |
| Eliminated in respect of disposals | - | (132,858) | (13,875) | (146,733) |
| At 2 October 2021 | 904,446 | 3,781,178 | 262,527 | 4,948,151 |
| Carrying amount | | | | |
| At 2 October 2021 | - | 11,143,996 | 60,109 | 11,204,105 |
| At 26 September 2020 | - | 8,085,467 | 111,447 | 8,196,914 |

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

| | 2021 £ | 2020 £ |
|---------------------|-----------|-----------|
| Plant and machinery | 5,997,439 | 2,038,265 |
| Motor vehicles | 31,248 | 27,536 |
| | 6,028,687 | 2,065,801 |

13 Fixed asset investments

| | 2021 £ | 2020 £ |
|----------------------|-----------|-----------|
| Unlisted investments | 6,069 | 6,069 |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

13 Fixed asset investments (Continued)

Movements in fixed asset investments

| | Investments other than loans £ |
|---------------------------------------|---|
| Cost | |
| At 27 September 2020 & 2 October 2021 | 6,069 |
| Carrying amount | |
| At 2 October 2021 | 6,069 |
| At 26 September 2020 | 6,069 |

14 Subsidiaries

These financial statements are separate company financial statements for Stonegate Farmers Limited.

Details of the company's significant subsidiaries at 2 October 2021 are as follows:

| Name of undertaking | Address | Class of shares held | % Held | |
|---|---------|-------------------------|--------|----------|
| | | | Direct | Indirect |
| Stonegate Agriculture Limited | 1 | Ordinary | 100.00 | - |
| Thames Valley Eggs (Production) Limited | 1 | Ordinary | 0 | 100.00 |

Registered office addresses (all UK unless otherwise indicated):

1 Lacock Green, Corsham Road, Lacock, Chippenham, Wiltshire, SN15 2LZ

15 Stocks

| | 2021 £ | 2020 £ |
|----------------------------------|-----------|-----------|
| Eggs, egg products and packaging | 1,291,089 | 946,693 |

16 Debtors

| | 2021 £ | 2020 £ |
|---|------------|------------|
| Amounts falling due within one year: | | |
| Trade debtors | 7,679,737 | 7,474,976 |
| Corporation tax recoverable | - | 32,185 |
| Amounts owed by group undertakings | 14,670,856 | 14,516,729 |
| Other debtors | 2,014,142 | 1,172,549 |
| Prepayments and accrued income | 649,185 | 665,334 |
| | 25,013,920 | 23,861,773 |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 OCTOBER 2021

17 Creditors: amounts falling due within one year

| | Notes | 2021 £ | 2020 £ |
|------------------------------------|-------|-------------------|-------------------|
| Obligations under finance leases | 20 | 1,124,408 | 449,842 |
| Other loans | 19 | 3,750,052 | 1,978,298 |
| Trade creditors | | 6,780,306 | 7,033,762 |
| Amounts due to group undertakings | | 2,304,193 | 2,325,584 |
| Other taxation and social security | | 271,169 | 214,488 |
| Other creditors | | 131,396 | 305,998 |
| Accruals and deferred income | | 4,142,351 | 6,004,973 |
| | | <u>18,503,875</u> | <u>18,312,945</u> |

18 Creditors: amounts falling due after more than one year

| | Notes | 2021 £ | 2020 £ |
|----------------------------------|-------|------------------|------------------|
| Obligations under finance leases | 20 | <u>3,943,168</u> | <u>1,208,054</u> |

19 Loans and overdrafts

| | 2021 £ | 2020 £ |
|-------------------------|------------------|------------------|
| Other loans | <u>3,750,052</u> | <u>1,978,298</u> |
| Payable within one year | <u>3,750,052</u> | <u>1,978,298</u> |

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.

20 Finance lease obligations

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Future minimum lease payments due under finance leases: | | |
| Within one year | 1,124,408 | 449,842 |
| In two to five years | 3,568,676 | 1,208,054 |
| In over five years | 374,492 | - |
| | <u>5,067,576</u> | <u>1,657,896</u> |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

20 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery held under hire purchase. 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.

21 Provisions for liabilities

| | Notes | 2021 £ | 2020 £ |
|--------------------------------|--------|------------------|------------------|
| Deferred tax liabilities | 22 | 811,894 | 25,870 |
| Retirement benefit obligations | 23, 24 | 1,137,000 | 2,832,000 |
| | | <u>1,948,894</u> | <u>2,857,870</u> |

22 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:

| | Liabilities 2021 £ | Liabilities 2020 £ |
|--------------------------------------|--------------------------|--------------------------|
| Balances: | | |
| Accelerated capital allowances | 1,255,751 | 574,255 |
| Tax losses | (146,231) | - |
| Retirement benefit obligations | (284,250) | (538,080) |
| Short-term timing difference | (13,376) | (10,305) |
| | <u>811,894</u> | <u>25,870</u> |
| Movements in the year: | | 2021 £ |
| Liability at 27 September 2020 | | 25,870 |
| Charge to profit or loss | | 496,084 |
| Charge to other comprehensive income | | 289,940 |
| | | <u>811,894</u> |
| Liability at 2 October 2021 | | <u>811,894</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.

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

23 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 £323,954 (2020: £252,449).

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 £1,137,000 (2020: £2,832,000). This comprises a net liability of £948,000 (2020: £1,759,000) for the Stonegate Farmers Limited Scheme and a net liability of £189,000 (2020: £1,073,000) 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 1 October 2019 showed a funding shortfall of £472,000. To eliminate the shortfall the Trustees and the Employer agreed:

Annual contributions of £222,000 per annum from 1 October 2019 to 30 September 2020;

Annual contributions of £55,000 per annum from 1 October 2020 to 31 March 2024.

The last actuarial valuation of the Stonegate Farmers Limited Scheme was as at 1 October 2019. The report has been updated to take accounts of the requirements of FRS 102 in order to assess the scheme deficit at 2 October 2021.

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 2019 showed a funding shortfall of £1.008 million. To eliminate the shortfall the Trustees and the Employer agreed:

Annual contributions of £225,000 per annum from 1 October 2019 to 30 September 2020;

Annual contributions of £162,000 per annum from 1 October 2020 to 31 March 2025.

The last actuarial valuation of the Thames Valley Eggs Limited Scheme was as at 1 October 2019. The report has been updated to take accounts of the requirements of FRS 102 in order to assess the scheme deficit at 2 October 2021.

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 YEAR ENDED 2 OCTOBER 2021

23 Retirement benefit schemes

(Continued)

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | % | % |
| <i>Key assumptions</i> | | |
| Discount rate | 2.20 | 1.70 |
| Expected rate of increase of pensions in payment | 5.00 | 5.00 |
| CPI inflation | 2.70 | 2.00 |
| Expected return on plan assets | 1.70 | 1.90 |
| | <u> </u> | <u> </u> |
| <i>Mortality assumptions</i> | 2021 | 2020 |
| | Years | Years |
| Assumed life expectations on retirement at age 65: | | |
| Retiring today | | |
| - Males | 21.6 | 21.5 |
| - Females | 23.6 | 23.4 |
| | <u> </u> | <u> </u> |
| | 2021 | 2020 |
| | £ | £ |
| <i>Amounts recognised in the profit and loss account</i> | | |
| Net interest on defined benefit liability/(asset) | 30,000 | 36,500 |
| | <u> </u> | <u> </u> |
| | 2021 | 2020 |
| | £ | £ |
| <i>Amounts taken to other comprehensive income</i> | | |
| Return on scheme assets excluding interest income | (537,000) | 122,000 |
| Actuarial changes related to obligations | (249,000) | (137,000) |
| | <u> </u> | <u> </u> |
| Total costs/(income) | (786,000) | (15,000) |
| | <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: | | |
| | 2021 | 2020 |
| | £ | £ |
| Present value of defined benefit obligations | 4,696,000 | 4,989,000 |
| Fair value of plan assets | (3,748,000) | (3,230,000) |
| | <u> </u> | <u> </u> |
| Deficit in scheme | 948,000 | 1,759,000 |
| | <u> </u> | <u> </u> |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 OCTOBER 2021

23 Retirement benefit schemes

(Continued)

| | 2021 £ |
|--|-----------------|
| <i>Movements in the present value of defined benefit obligations</i> | |
| Liabilities at 27 September 2020 | 4,989,000 |
| Benefits paid | (128,000) |
| Actuarial gains and losses | (249,000) |
| Interest cost | 84,000 |
| | <hr/> |
| At 2 October 2021 | 4,696,000 <hr/> |

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

| | 2021 £ |
|--|-----------------|
| <i>Movements in the fair value of plan assets</i> | |
| Fair value of assets at 27 September 2020 | 3,230,000 |
| Interest income | 54,000 |
| Return on plan assets (excluding amounts included in net interest) | 537,000 |
| Benefits paid | (128,000) |
| Contributions by the employer | 55,000 |
| | <hr/> |
| At 2 October 2021 | 3,748,000 <hr/> |

| | 2021 £ | 2020 £ |
|--|-----------|-----------------|
| <i>Fair value of plan assets at the reporting period end</i> | | |
| Equities | 2,286,280 | 1,873,400 |
| Diversified Growth Funds | 637,160 | 549,100 |
| Fixed interest | 562,200 | 581,400 |
| Property | 149,920 | 129,200 |
| Cash | 112,440 | 96,900 |
| | <hr/> | <hr/> |
| | 3,748,000 | 3,230,000 <hr/> |

24 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 YEAR ENDED 2 OCTOBER 2021

24 Retirement benefit schemes

(Continued)

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | % | % |
| <i>Key assumptions</i> | | |
| Discount rate | 2.20 | 1.70 |
| Expected rate of increase of pensions in payment | 2.70/3.00 | 2.00/3.00 |
| CPI inflation | 2.70 | 2.00 |
| Expected return on plan assets | 1.70 | 1.90 |
| | <u> </u> | <u> </u> |
| <i>Mortality assumptions</i> | 2021 | 2020 |
| | Years | Years |
| Assumed life expectations on retirement at age 65: | | |
| Retiring today | | |
| - Males | 21.6 | 21.5 |
| - Females | 23.6 | 23.4 |
| | <u> </u> | <u> </u> |
| | 2021 | 2020 |
| | £ | £ |
| <i>Amounts recognised in the profit and loss account</i> | | |
| Net interest on defined benefit liability/(asset) | 18,000 | 45,000 |
| | <u> </u> | <u> </u> |
| | 2021 | 2020 |
| | £ | £ |
| <i>Amounts taken to other comprehensive income</i> | | |
| Return on scheme assets excluding interest income | (609,000) | 163,000 |
| Actuarial changes related to obligations | (131,000) | (1,243,000) |
| | <u> </u> | <u> </u> |
| Total costs/(income) | (740,000) | (1,080,000) |
| | <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: | | |
| | 2021 | 2020 |
| | £ | £ |
| Present value of defined benefit obligations | 5,468,000 | 5,815,000 |
| Fair value of plan assets | (5,279,000) | (4,742,000) |
| | <u> </u> | <u> </u> |
| Deficit in scheme | 189,000 | 1,073,000 |
| | <u> </u> | <u> </u> |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 2 OCTOBER 2021

24 Retirement benefit schemes

(Continued)

| | 2021 £ |
|--|------------------|
| <i>Movements in the present value of defined benefit obligations</i> | |
| Liabilities at 27 September 2020 | 5,815,000 |
| Benefits paid | (315,000) |
| Actuarial gains and losses | (131,000) |
| Interest cost | 99,000 |
| | <u>5,468,000</u> |
| At 2 October 2021 | <u>5,468,000</u> |

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

| | 2021 £ |
|--|------------------|
| <i>Movements in the fair value of plan assets</i> | |
| Fair value of assets at 27 September 2020 | 4,742,000 |
| Interest income | 81,000 |
| Return on plan assets (excluding amounts included in net interest) | 609,000 |
| Benefits paid | (315,000) |
| Contributions by the employer | 162,000 |
| | <u>5,279,000</u> |
| At 2 October 2021 | <u>5,279,000</u> |

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| <i>Fair value of plan assets at the reporting period end</i> | | |
| Equities | 2,586,710 | 2,228,740 |
| Diversified Growth Funds | 844,640 | 758,720 |
| Fixed interest | 1,055,800 | 1,043,240 |
| Property | 527,900 | 474,200 |
| Cash | 263,950 | 237,100 |
| | <u>5,279,000</u> | <u>4,742,000</u> |

25 Share capital

| | 2021 Number | 2020 Number | 2021 £ | 2020 £ |
|-------------------------------|----------------|----------------|--------------|--------------|
| Ordinary share capital | | | | |
| Issued and fully paid | | | | |
| Ordinary shares of £1 each | 1,000 | 1,000 | 1,000 | 1,000 |
| | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

26 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 £8,151,926 (2020: £8,898,590). On 12 October 2021 the total liability under this guarantee across these companies was limited to £1,400,000.

The company is party to a cross guarantee in favour of HSBC UK Bank plc. As part of the cross composite guarantee between the group companies, an unlimited multilateral guarantee 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 £1,277,724 (2020: £1,720,672).

The company is party to a cross guarantee in favour of HSBC Equipment Finance (UK) Limited in relation to the financing arrangements for various assets in group companies. The total liability under this guarantee across these companies is £515,433 (2020: £nil).

27 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:

| | 2021 £ | 2020 £ |
|----------------------------|-------------------|------------------|
| Within one year | 1,580,762 | 1,256,839 |
| Between two and five years | 4,122,164 | 3,115,689 |
| In over five years | 6,324,067 | 4,927,766 |
| | <u>12,026,993</u> | <u>9,300,294</u> |

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

| | 2021 £ | 2020 £ |
|--------------------------------------|----------------|------------------|
| Acquisition of tangible fixed assets | <u>232,277</u> | <u>1,836,760</u> |

29 Related party transactions

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 2 OCTOBER 2021

29 Related party transactions

(Continued)

During the year the company made purchases of £1,266,298 (2020: £591,675) from the director and companies with a common director, sold assets for proceeds of £185,000 (2020: £nil) to companies with a common director, and received management charge income of £283,609 (2020: £nil) from companies with a common director. During the year, a bad debt expense of £nil (2020: £705,138) was recognised in relation to the net amount due from companies under common control.

At the year end a total of £2,115,794 (2020: £513,456) was due from companies with a common director, and a total of £25,524 (2020: £157,658) was due to companies with a common director.

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.

30 Directors' transactions

During the year the company advanced £127,500 to the director. The director repaid £139,800, and interest of £562 was charged on the overdrawn balance at the official HMRC rate. At 2 October 2021 £11,738 was due to the director. The maximum amount owed to the company during the year was £89,400.

31 Ultimate controlling party

The immediate parent company is Stonegate Food Group Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by Stonegate Food Group Limited, registered office Lacock Green, Corsham Road, Lacock, Chippenham, Wiltshire, SN15 2LZ. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Cardiff.

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.