

REGISTERED NUMBER: 01789282 (England and Wales)

RICHARDSON MILLING (UK) LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD
1ST NOVEMBER 2016 TO 31ST DECEMBER 20 17

Gibbons Mannington & Phipps LLP
Chartered Accountants
& Statutory Auditor
82 High Street
Tenterden
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FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

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RICHARDSON MILLING (UK) LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

DIRECTORS:

Mr A Brand
Mr C R Vossen
Mr D G Sobkow
Mr R D Jordan

SECRETARY:

Mr C M Smith

REGISTERED OFFICE:

Mile Road
Bedford
Bedfordshire
MK42 9TB

REGISTERED NUMBER:

01789282 (England and Wales)

AUDITORS:

Gibbons Mannington & Phipps LLP
Chartered Accountants
& Statutory Auditor
82 High Street
Tenterden
Kent
TN30 6JG

SOLICITORS:

Park Woodfine Heald Mellows LLP
1 Lurke Street
Bedford
Bedfordshire
MK40 3TN

**STRATEGIC REPORT
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

The directors present their strategic report for the period 1st November 2016 to 31st December 2017.

REVIEW OF BUSINESS

Principal activities

The principal activity of the business is the manufacturing of cereal based ingredients which takes place in Bedfordshire in the United Kingdom.

Business Review

The directors and shareholders are satisfied that the company performed in line with expectations during the fiscal year.

In the year 100 % of the shares of European Oat Millers were acquired by Richardson International of Canada, a division of James Richardson & Sons Ltd. The fiscal year was changed to align with that of our new shareholder and the current fiscal year is therefore a 14-month period. Mr P Baker, W.J Jordan, CM Smith, MR Bonyngne and D Bramall resigned as Directors and were replaced by Mr CR Vossen and DG Sobkow. The name of European Oat Millers was changed to Richardson Milling UK Ltd.

Both the previous and the current Board of Directors monitor all areas of the business through a set of key performance areas (KPI's) and the company benefits from our shareholders risk management protocol.

PRINCIPAL RISKS, UNCERTAINTIES AND TRENDS

The company process grains such as oats, wheat and barley which are volatile in terms of quantity and quality which both influences availability of supply and prices. We are dependent on crop availability and as part of the agricultural cycle have a short available reaction time to address supply and demand dynamics. There is currently substantial uncertainty in the Agricultural sector due to a lack of detail how subsidies on farm will look like ex -Brexit.

Availability of staff with appropriate skills will continue to be very import to the business and we focus on this aspect through ensuring our staff is paid, properly trained and motivated by being made part of discussions and decision making.

We are managing and mitigating risk by working closely with our suppliers and the full supply chain.

The business is committed to providing a safe and healthy environment for all staff to work in and continues to invest in training, maintenance and capital replacement to ensure our standards exceed compliance requirements and industry standards. We also will continue to upgrade our facilities through investment with the focus on safety of staff, food safety and efficiency.

Financial Risk is monitored through strict KPI's on working capital (stock, debtors and creditors), cash flow and general cost control.

The business continues to be a responsible citizen. Every effort is made to manage the environmental impact of our supply chain and our operational activities.

ON BEHALF OF THE BOARD:

Mr A Brand - Director

21st May 2018

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

The directors present their report with the financial statements of the company for the period 1st November 2016 to 31st December 2017.

The company's period end has been extended by two months to be coterminous with its parent. As a consequence the comparatives, which are for a twelve month period, are not entirely comparable. The financial statements are presented in Sterling (£).

CHANGE OF NAME

The company passed a special resolution on 19th June 2017 changing its name from European Oat Millers Limited to Richardson Milling (UK) Limited.

DIVIDENDS

No dividends will be distributed for the period ended 31st December 2017.

FUTURE DEVELOPMENTS

Information can be found in the strategic report.

DIRECTORS

Mr A Brand has held office during the whole of the period from 1st November 2016 to the date of this report.

Other changes in directors holding office are as follows:

Mr P Baker - resigned 15th June 2017
Mr W J Jordan - resigned 15th June 2017
Mr R D Jordan - resigned 15th June 2017
Mr C M Smith - resigned 19th September 2017
Mr M R Bonyng - resigned 15th June 2017
Mr D Bramall - resigned 19th September 2017
Mr C R Vossen - appointed 15th June 2017
Mr D G Sobkow - appointed 15th June 2017
Mr R D Jordan - appointed 19th September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 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.

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:

Mr C M Smith - Secretary

21st May 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RICHARDSON MILLING (UK) LIMITED

Opinion

We have audited the financial statements of Richardson Milling (UK) Limited (the 'company') for the period ended 31st December 2017 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2017 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 Auditors' 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RICHARDSON MILLING (UK) LIMITED

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 or the Report of the Directors.

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

- adequate accounting records have not been kept, 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 Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Samantha Whiting FCA (Senior Statutory Auditor)
for and on behalf of Gibbons Mannington & Phipps LLP
Chartered Accountants
& Statutory Auditor
82 High Street
Tenterden
Kent
TN30 6JG

25th May 2018

RICHARDSON MILLING (UK) LIMITED (REGISTERED NUMBER: 01789282)**INCOME STATEMENT
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

		Period 1/11/16 to 31/12/17 £	<i>Year Ended 31/10/16 £</i>
	Notes		
TURNOVER	3	53,854,941	42,548,089
Cost of sales		<u>49,406,571</u>	<u>38,630,629</u>
GROSS PROFIT		4,448,370	3,917,460
Administrative expenses		<u>3,948,375</u>	<u>2,834,517</u>
		499,995	1,082,943
Other operating income		<u>41,241</u>	<u>12,140</u>
OPERATING PROFIT	5	541,236	1,095,083
Interest payable and similar expenses	6	<u>113,452</u>	<u>160,627</u>
PROFIT BEFORE TAXATION		427,784	934,456
Tax on profit	7	<u>(94,213)</u>	<u>(185,094)</u>
PROFIT FOR THE FINANCIAL PERIOD		<u>521,997</u>	<u>1,119,550</u>

The notes form part of these financial statements

RICHARDSON MILLING (UK) LIMITED (REGISTERED NUMBER: 01789282)

**OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

	Notes	Period 1/11/16 to 31/12/17 £	Year Ended 31/10/16 £
PROFIT FOR THE PERIOD		521,997	1,119,550
OTHER COMPREHENSIVE INCOME			
Issue of share capital		-	(1)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		-	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>521,997</u>	<u>1,119,549</u>

The notes form part of these financial statements

RICHARDSON MILLING (UK) LIMITED (REGISTERED NUMBER: 01789282)**BALANCE SHEET
31ST DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
FIXED ASSETS					
Tangible assets	8		16,535,422		9,994,611
CURRENT ASSETS					
Stocks	9	1,626,274		1,135,864	
Debtors	10	8,797,404		7,117,053	
Cash at bank and in hand		858,462		1,089,462	
		11,282,140		9,342,379	
CREDITORS					
Amounts falling due within one year	11	10,671,252		10,743,820	
NET CURRENT ASSETS/(LIABILITIES)			610,888		(1,401,441)
TOTAL ASSETS LESS CURRENT LIABILITIES			17,146,310		8,593,170
CREDITORS					
Amounts falling due after more than one year	12		-		(438,386)
PROVISIONS FOR LIABILITIES	16		(763,631)		(977,602)
NET ASSETS			16,382,679		7,177,182
CAPITAL AND RESERVES					
Called up share capital	17		8,684,415		915
Share premium	18		1,401,799		1,401,799
Capital redemption reserve	18		686		686
Retained earnings	18		6,295,779		5,773,782
SHAREHOLDERS' FUNDS			16,382,679		7,177,182

The financial statements were authorised for issue by the Board of Directors on 21st May 2018 and were signed on its behalf by:

Mr A Brand - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1st November 2015	914	4,654,233	1,399,300	686	6,055,133
Changes in equity					
Issue of share capital	1	-	2,499	-	2,500
Total comprehensive income	-	1,119,549	-	-	1,119,549
Balance at 31st October 2016	915	5,773,782	1,401,799	686	7,177,182
Changes in equity					
Issue of share capital	8,683,500	-	-	-	8,683,500
Total comprehensive income	-	521,997	-	-	521,997
Balance at 31st December 2017	8,684,415	6,295,779	1,401,799	686	16,382,679

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

		Period 1/11/16 to 31/12/17 £	Year Ended 31/10/16 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	1	664,556	3,918,326
Interest paid		(386,273)	(291,332)
Interest element of hire purchase or finance lease rental payments paid		-	(26,026)
Tax paid		(2,396)	-
Net cash from operating activities		<u>275,887</u>	<u>3,600,968</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(8,755,332)	(899,843)
Sale of tangible fixed assets		263,623	379,090
Net cash from investing activities		<u>(8,491,709)</u>	<u>(520,753)</u>
Cash flows from financing activities			
Loan repayments in year		(475,178)	(44,726)
Capital repayments in year		-	(653,612)
Amount introduced by directors		-	635,000
Amount withdrawn by directors		(635,000)	-
Share issue		8,683,500	1
Net cash from financing activities		<u>7,573,322</u>	<u>(63,337)</u>
(Decrease)/increase in cash and cash equivalents		<u>(642,500)</u>	<u>3,016,878</u>
Cash and cash equivalents at beginning of period	2	<u>(2,647,903)</u>	<u>(5,664,781)</u>
Cash and cash equivalents at end of period	2	<u>(3,290,403)</u>	<u>(2,647,903)</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

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

	Period 1/11/16 to 31/12/17 £	Year Ended 31/10/16 £
Profit before taxation	427,784	934,456
Depreciation charges	1,746,555	1,476,223
Loss on disposal of fixed assets	204,343	224,799
Share premium deducted from wages	-	2,499
Finance costs	113,452	160,627
	<u>2,492,134</u>	<u>2,798,604</u>
(Increase)/decrease in stocks	(490,410)	86,656
(Increase)/decrease in trade and other debtors	(1,680,351)	1,352,621
Increase/(decrease) in trade and other creditors	343,183	(319,555)
Cash generated from operations	<u>664,556</u>	<u>3,918,326</u>

2. CASH AND CASH EQUIVALENTS

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

Period ended 31st December 2017

	31/12/17 £	1/11/16 £
Cash and cash equivalents	858,462	1,089,462
Bank overdrafts	(4,148,865)	(3,737,365)
	<u>(3,290,403)</u>	<u>(2,647,903)</u>

Year ended 31st October 2016

	31/10/16 £	1/11/15 £
Cash and cash equivalents	1,089,462	760,161
Bank overdrafts	(3,737,365)	(6,424,942)
	<u>(2,647,903)</u>	<u>(5,664,781)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

1. STATUTORY INFORMATION

Richardson Milling (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax. It is recognised when the goods are dispatched for delivery.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replacement part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

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

Freehold land	- nil
Freehold buildings	- 2% and 7% straight line
Leasehold buildings and improvements	- 2% straight line
Plant and machinery	- 7%, 10% and 33.3% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 33.3% straight line
Assets in the course of construction	No depreciation is provided until the asset is brought into use

Stocks

Groats are valued according to the percentage yield which is obtained from the cereal. Finished goods are valued at the cost price of grain plus costs to process. Where processing costs cannot be readily identified they are valued at selling price less the expected profit per ton and the cost of the packaging material used. All other stocks are valued at the lower of cost and net realisable value.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Deferred tax

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

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

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

Financial instruments held as hedges are matched with their underlying hedge item. Each instrument's gain or loss is brought into the profit and loss account, and its fair value into the balance sheet, at the same time and in the same place as is the matched underlying asset, liability, income or cost. For commodity instruments, this will be in the operating profit matched against the relevant purchase or sale. The profit or loss on an instrument may be deferred if the hedged transaction is expected to take place or would normally be accounted for in the future.

The costs incurred in obtaining the financial instruments are expensed to the profit and loss account when they arise.

Grain price provisions

Due to the variation in grain prices throughout a harvest, the company has adopted a policy of averaging the cost of grain to match against sales. As the company's period end is not co-terminus with the harvest there is a balance on the provision account which is included within creditors.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In preparing these financial statements, the directors have made the following critical judgements:

- Determine whether leases entered into as a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Key sources of estimation uncertainty include:

- Tangible fixed assets, which are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	Period 1/11/16 to 31/12/17 £	<i>Year Ended 31/10/16 £</i>
United Kingdom	44,583,929	36,331,958
Europe	1,637,411	510,345
Middle East	896,107	1,349,446
Africa	5,320,755	3,328,876
Asia	1,416,739	1,027,464
	<u>53,854,941</u>	<u>42,548,089</u>

4. EMPLOYEES AND DIRECTORS

	Period 1/11/16 to 31/12/17 £	<i>Year Ended 31/10/16 £</i>
Wages and salaries	6,782,999	4,650,664
Social security costs	730,811	465,655
Other pension costs	253,136	151,076
	<u>7,766,946</u>	<u>5,267,395</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the period was as follows:

	Period 1/11/16 to 31/12/17	<i>Year Ended 31/10/16</i>
Management	9	9
Administration, accounts and sales	15	14
Production	120	107
	<u>144</u>	<u>130</u>

	Period 1/11/16 to 31/12/17 £	<i>Year Ended 31/10/16 £</i>
Directors' remuneration	999,931	501,322
Directors' pension contributions to money purchase schemes	<u>45,129</u>	<u>38,345</u>

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

Money purchase schemes	<u>3</u>	<u>3</u>
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No directors received shares under long term incentive schemes (2016 - one director).

Information regarding the highest paid director is as follows:

	Period 1/11/16 to 31/12/17 £	<i>Year Ended 31/10/16 £</i>
Emoluments etc	536,022	281,164
Pension contributions to money purchase schemes	<u>12,145</u>	<u>24,872</u>

5. OPERATING PROFIT

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

	Period 1/11/16 to 31/12/17 £	<i>Year Ended 31/10/16 £</i>
Hire of plant and machinery	3,880	5,450
Depreciation - owned assets	1,746,555	1,476,224
Loss on disposal of fixed assets	204,343	224,799
Auditors' remuneration	24,100	31,220
Auditors' remuneration for non audit work	3,935	3,090
Net (gains)/losses on foreign currencies	62,839	(100,222)
Operating leases	<u>343,600</u>	<u>461,474</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1/11/16 to 31/12/17 £	<i>Year Ended 31/10/16 £</i>
Bank interest	113,452	134,601
Hire purchase	-	26,026
	<u>113,452</u>	<u>160,627</u>

7. TAXATION

Analysis of the tax credit

The tax credit on the profit for the period was as follows:

	Period 1/11/16 to 31/12/17 £	<i>Year Ended 31/10/16 £</i>
Current tax:		
UK corporation tax	<u>119,758</u>	<u>2,396</u>
Deferred tax:		
Accelerated capital allowances	(133,039)	(110,185)
Change of tax rate	(146,641)	-
Available trading losses	65,709	(77,305)
Total deferred tax	<u>(213,971)</u>	<u>(187,490)</u>
Tax on profit	<u>(94,213)</u>	<u>(185,094)</u>

Reconciliation of total tax credit included in profit and loss

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

	Period 1/11/16 to 31/12/17 £	<i>Year Ended 31/10/16 £</i>
Profit before tax	<u>427,784</u>	<u>934,456</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.265% (2016 - 20%)	82,413	186,891
Effects of:		
Expenses not deductible for tax purposes	6,629	2,853
Depreciation in excess of capital allowances	173,929	121,933
Utilisation of tax losses	(162,860)	(389,558)
Other short term timing differences	19,647	80,277
Trading losses	-	(77,305)
Deferred taxation movements	<u>(213,971)</u>	<u>(110,185)</u>
Total tax credit	<u>(94,213)</u>	<u>(185,094)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017

7. **TAXATION - continued**

Tax effects relating to effects of other comprehensive income

There were no tax effects for the period ended 31st December 2017.

	Gross £	2016 Tax £	Net £
Issue of share capital	(1)	-	(1)

8. **TANGIBLE FIXED ASSETS**

	Freehold property £	Short leasehold £	Long leasehold £	Plant and machinery £
COST				
At 1st November 2016	-	845,882	1,505,054	20,962,768
Additions	7,951,564	-	-	318,062
Disposals	-	-	-	(520,639)
Reclassification/transfer	845,882	(845,882)	-	197,804
At 31st December 2017	8,797,446	-	1,505,054	20,957,995
DEPRECIATION				
At 1st November 2016	-	697,792	635,161	12,426,158
Charge for period	100,414	-	23,614	1,545,546
Eliminated on disposal	-	-	-	(126,508)
Reclassification/transfer	697,792	(697,792)	-	-
At 31st December 2017	798,206	-	658,775	13,845,196
NET BOOK VALUE				
At 31st December 2017	7,999,240	-	846,279	7,112,799
At 31st October 2016	-	148,090	869,893	8,536,610

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

8. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Totals £
COST				
At 1st November 2016	490,944	139,356	313,542	24,257,546
Additions	600	-	485,106	8,755,332
Disposals	-	-	(73,835)	(594,474)
Reclassification/transfer	-	-	(197,804)	-
At 31st December 2017	491,544	139,356	527,009	32,418,404
DEPRECIATION				
At 1st November 2016	364,468	139,356	-	14,262,935
Charge for period	76,981	-	-	1,746,555
Eliminated on disposal	-	-	-	(126,508)
Reclassification/transfer	-	-	-	-
At 31st December 2017	441,449	139,356	-	15,882,982
NET BOOK VALUE				
At 31st December 2017	50,095	-	527,009	16,535,422
At 31st October 2016	126,476	-	313,542	9,994,611

9. STOCKS

	2017 £	2016 £
Raw materials	1,086,288	818,777
Finished goods	539,986	317,087
	<u>1,626,274</u>	<u>1,135,864</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	7,503,801	6,731,521
Amounts owed by participating interests	-	715
Other debtors	1,096	1,681
Futures trading account	85,525	28,788
VAT	971,821	210,651
Prepayments and accrued income	235,161	143,697
	<u>8,797,404</u>	<u>7,117,053</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Included within trade debtors is £7,570,025 (2016: £6,209,917) of debts secured to provide overdraft facilities.

During the normal course of business, the company enters into wheat futures and foreign exchange contracts to stabilise the production costs of raw materials and value of overseas sales. The carrying value represents available cash held on account by the hedging agent £85,525 (2016: £28,788). No provision for unrealised losses at the year end has been made (2016: nil). Unrealised profits of £25,545 have been carried forward as deferred income (2016: nil).

The open market value of the hedge positions maintained at the year end was £80,035 (2016: £15,868) with unrealised profits and losses at the year end being matched to related purchases and sales in accordance with the accounting policy.

In addition:

	2017 £	2016 £
Aggregate losses / (gains) recognised in the year	<u>64,682</u>	<u>75,000</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Bank loans and overdrafts (see note 13)	4,148,865	3,774,157
Trade creditors	3,359,582	2,723,984
Amounts owed to group undertakings	15,928	-
Amounts owed to participating interests	-	6,386
Tax	119,758	2,396
Social security and other taxes	201,026	115,440
Other creditors	180,469	265,621
Directors' loan accounts	-	635,000
Accruals and deferred income	2,645,624	3,220,836
	<u>10,671,252</u>	<u>10,743,820</u>

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

	2017 £	2016 £
Bank loans (see note 13)	<u>-</u>	<u>438,386</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year or on demand:		
Bank overdrafts	4,148,865	3,737,365
Bank loans	-	36,792
	<u>4,148,865</u>	<u>3,774,157</u>
Amounts falling due between one and two years:		
Bank loans	<u>-</u>	<u>36,792</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

13. LOANS - continued

	2017	2016
	£	£
Amounts falling due between two and five years:		
Bank loans	<u>-</u>	<u>110,376</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>-</u>	<u>291,218</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
Within one year	321,439	309,242
Between one and five years	385,740	301,915
In more than five years	<u>-</u>	<u>330,000</u>
	<u>707,179</u>	<u>941,157</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank overdrafts	4,148,865	3,737,365
Bank loans	<u>-</u>	<u>475,178</u>
	<u>4,148,865</u>	<u>4,212,543</u>

The bank overdraft and loans are secured by a mortgage debenture in respect of all company assets and a first legal charge over all land and buildings. In addition, one of the overdraft facilities is secured on trade debtors as stated within note 10.

16. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Deferred tax		
Accelerated capital allowances	763,631	1,054,907
Tax losses carried forward	<u>-</u>	<u>(77,305)</u>
	<u>763,631</u>	<u>977,602</u>
		Deferred tax
		£
Balance at 1st November 2016		977,602
Movement in tax rate		(146,641)
Accelerated capital allowances		(133,039)
Availability of trading losses		65,709
Balance at 31st December 2017		<u>763,631</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2017 £	2016 £
NIL (2016 - 914)	A Ordinary	£1	-	914
NIL	B Ordinary	1p	-	1
50	Ordinary 1p	1p	1	-
8,684,414	Ordinary £1	£1	8,684,414	-
			8,684,415	915

Allotted and issued: Number:	Class:	Nominal value:	2017 £	2016 £
8,684,414	Ordinary £1	£1	8,684,414	-

The following shares were issued during the period for cash at par :

8,683,500 Ordinary £1 shares of £1

On 15 June 2017 a written resolution was passed by the company re-designating the Ordinary A £1 shares as Ordinary £1 shares and the Ordinary B £0.01 shares as Ordinary £0.01 shares.

All shares rank equally and carry equal rights with regard to voting and distributions, whether dividend or capital.

18. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1st November 2016	5,773,782	1,401,799	686	7,176,267
Profit for the period	521,997	-	-	521,997
At 31st December 2017	6,295,779	1,401,799	686	7,698,264

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme and contributes to a number of personal pension plans. The charge for the year is shown in note 4. The amount of contributions outstanding at the year end was £30,375 (2016: £18,654).

20. CAPITAL COMMITMENTS

	2017 £	2016 £
Contracted but not provided for in the financial statements	628,538	351,748

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST NOVEMBER 2016 TO 31ST DECEMBER 2017**

21. RELATED PARTY DISCLOSURES

During the year the company entered into transactions, in the ordinary course of business, with entities which have significant influence over the company. Transactions entered into and balances outstanding at the year end are as follows:

	2017	2016
£		
Management and consultancy fees	37,000	52,000
Rent	218,750	350,000
Sales	-	6,922
Purchase of computer equipment	15,928	-
Purchase of freehold property	7,540,000	-
Amounts owed from related parties	-	715
Amounts owed to related parties	15,928	6,386

Mr W J Jordan (director) and Mr R D Jordan (director) each advanced the company £317,500 in January 2016, the loans were repaid on 15 June 2017.

Richardson International Limited advanced the company £635,000 on 15 June 2017 which was repaid on 21 October 2017.

Key management personnel include all directors and a number of senior managers who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £1,919,440 (2016: £950,004).

22. ULTIMATE CONTROLLING PARTY

The controlling party is Richardson International Limited. The company's registered address is 2800-1 Lombard Place, Winnipeg, Manitoba, R3B 0X8, Canada.

The ultimate controlling party is James Richardson & Sons Limited, a company incorporated in Canada.

Neither the immediate parent nor ultimate holding companies' financial statements are publicly available.

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