

Contents of the Financial Statements
for the period 3 April 2016 to 1 April 2017

	Page
Company Information	1
Strategic Report	2 to 3
Report of the Directors	4 to 5
Report of the Independent Auditors	6 to 7
Income Statement	8
Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 28

Heygates Limited

Company Information
for the period 3 April 2016 to 1 April 2017

DIRECTORS:

P M Heygate
A R Heygate
A R Heygate (Junior)
Mrs S E Kreckler
S K Y Chia

SECRETARY:

S K Y Chia

REGISTERED OFFICE:

Bugbrooke Mills
Bugbrooke
Northamptonshire
NN7 3QH

REGISTERED NUMBER:

00603238 (England and Wales)

AUDITORS:

Clifford Roberts
Chartered Accountants &
Statutory Auditors
Pacioli House
9 Brookfield
Duncan Close
Northampton
Northamptonshire
NN3 6WL

BANKERS:

HSBC Bank plc
Home and Eastern Counties Corporate
Banking Centre
Level 6 Metropolitan House
CBX3 Avebury Boulevard
Milton Keynes
MK9 2GA

Strategic Report
for the period 3 April 2016 to 1 April 2017

The directors present their strategic report for the period 3 April 2016 to 1 April 2017.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be flour milling at the three mill sites situated at Bugbrooke, Downham Market and Tring.

REVIEW OF BUSINESS

The UK food and agricultural sector is a highly competitive market and the continuing economic situation remains challenging. Turnover has decreased because of competitive pressures. A decrease in sales price per tonne has been mitigated by an increase in sales volume and average mark up generating a consistent gross margin, but a lower gross profit, in the period. However, good cost control and fair value gains on derivatives have resulted in better profit before tax.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk that the company continues to face is the fluctuation in global grain prices and the ability to source milling wheat of a consistently high quality. A good UK harvest led to local grain prices falling in the year. This decrease in the price of grain has reduced the cost of sales and, consequently, turnover. This trend ceases post year end and the directors expect turnover to increase in the next year.

Exposure to foreign currency, credit, liquidity, interest rate and other price risk arises in the normal course of Heygates Limited's business. These risks are limited by the company's financial management policies described below.

Foreign currency risk

The company has limited exposure to foreign currency risk. Substantially all of the company's sales and purchases are denominated in Sterling.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for Heygates Limited by failing to discharge an obligation. Heygates Limited has limited exposure to credit risk. Predominantly any risks will arise from trade debtors going bad. Heygates Limited reduce the risk through sensible sales ledger management policies.

Liquidity risk

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves, banking and borrowing facilities. These are managed on a group wide basis in order to provide economies of scale. The risk is further reduced through the use of invoice discounting facilities by the company.

Interest rate risk

The company is exposed to interest rate risk through the impact of rate changes on interest bearing borrowings. Apart from the bank overdraft and the invoice discounting facility, the company does not have significant interest bearing assets and liabilities. By managing the facilities on a group wide basis, economies of scale help to mitigate the risk.

Other price risk

The company operates in a very competitive market. In order to retain its existing customers and generate new ones, the company continues to strive to achieve its overriding aim of providing good customer relationships and consistently high quality, innovative products together with a high level of service at competitive prices. The resulting strong relationships help the company to be able to renegotiate prices with its customers following significant changes in raw material costs and mitigate the risk of having to absorb wheat price rises. In the period under review, a good UK harvest caused local grain prices to fall and, as described above in the Review of Business, this has resulted in reductions in both turnover and costs of sale.

Strategic Report
for the period 3 April 2016 to 1 April 2017

ANALYSIS OF DEVELOPMENTS AND PERFORMANCE

The company's overriding strategy is to maintain its current profitable position by concentrating on the premium sector of the markets in which it operates by the production of premium and innovative products. At the same time it aims to provide customers with the highest quality possible products, continued product development and innovation, together with an excellent standard of technical service and back up.

The key performance indicators (KPI's) used in monitoring the company's performance are:-

1. Organic sales growth - year on year percentage change in sales revenue, excluding the impact of acquisitions and disposals, if any.
2. Gross return on sales - gross profit as a percentage of sales revenue.
3. Net return on sales - profit/(loss) on ordinary activities before taxation and before non-recurring items and income from other fixed asset investments, as a percentage of sales revenue.
4. Return on net assets- profit/(loss) on ordinary activities before taxation and before non-recurring items and income from other fixed asset investments, as a percentage of net assets.
5. Free cash flow - comprises the net cash flows from operating activities, less cash outflows due on capital expenditure.

KEY PERFORMANCE INDICATORS (KPI's)

	2017	2016
Organic sales growth	(3.71)%	(4.99)%
Gross return on sales	13.74%	13.69%
Net return on sales	1.33%	1.07%
Return on net assets	6.19%	5.02%
Free cash flow	£(12.065)m	£(5.376)m

ON BEHALF OF THE BOARD:



P M Heygate - Director

12 December 2017

Heygates Limited (Registered number: 00603238)

Report of the Directors
for the period 3 April 2016 to 1 April 2017

The directors present their report and audited financial statements for the period ended 1st April, 2017.

DIVIDENDS

There was a profit on ordinary activities after taxation for the year amounting to £1,229,515 (2016 - profit £1,181,805). No dividend was paid in the year or declared at the year end (2016 - £nil).

FUTURE DEVELOPMENTS

The company has the ability to, and will, make sufficient investment to meet any large unexpected future increase in demand for its products.

DIRECTORS

The directors shown below have held office during the whole of the period from 3 April 2016 to the date of this report.

P M Heygate
A R Heygate
A R Heygate (Junior)
Mrs S E Kreckler
S K Y Chia

EMPLOYEES

The company recognises its responsibilities towards disabled persons and does not discriminate against them either in terms of job offers or career prospects.

The company will continue to employ and train any employees who become disabled during their employment.

The company places considerable value on the involvement of its employees and has continued to keep them informed on all matters affecting them as employees and on the various factors affecting the company in general.

The company operates an employee pension fund.

CHARITABLE CONTRIBUTIONS

The company made charitable contributions during the year of £20,127 (2016 - £16,181), principally to local charities serving the communities in which the group operates.

DISCLOSURE IN THE STRATEGIC REPORT

Principal activity, financial risk management objectives and policies and the exposure to foreign currency, credit, liquidity, interest rate risk and other price risk are set out in the strategic report (as defined by section 414 C (11) of the Companies Act 2006).

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.

Report of the Directors
for the period 3 April 2016 to 1 April 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Clifford Roberts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



P M Heygate - Director

12 December 2017

**Report of the Independent Auditors to the Members of
Heygates Limited**

We have audited the financial statements of Heygates Limited for the period ended 1 April 2017 on pages eight to twenty eight. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages four and five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 April 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.

Opinion on other matter prescribed by the Companies Act 2006

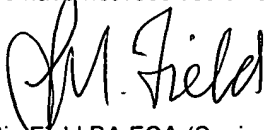
In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Strategic Report or the Report of the Directors.

Report of the Independent Auditors to the Members of
Heygates Limited

Matters on which we are required to report by exception

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.



Martin Field BA FCA (Senior Statutory Auditor)
for and on behalf of Clifford Roberts
Chartered Accountants &
Statutory Auditors
Pacioli House
9 Brookfield
Duncan Close
Northampton
Northamptonshire
NN3 6WL

12 December 2017

Heygates Limited (Registered number: 00603238)

Income Statement
for the period 3 April 2016 to 1 April 2017

	Notes	Period 3.4.16 to 1.4.17		Period 29.3.15 to 2.4.16	
		£	£	£	£
TURNOVER	3		109,104,509		113,304,629
Cost of sales			94,117,962		97,792,723
GROSS PROFIT			14,986,547		15,511,906
Distribution costs		9,958,173		10,048,177	
Administrative expenses		4,293,840		4,267,539	
			14,252,013		14,315,716
			734,534		1,196,190
Other operating income			48,376		52,438
OPERATING PROFIT	5		782,910		1,248,628
Interest receivable and similar income	6	646,883		54,643	
Other finance income	21	129,500		123,500	
			776,383		178,143
			1,559,293		1,426,771
Interest payable and similar expenses	7		104,971		211,426
PROFIT BEFORE TAXATION			1,454,322		1,215,345
Tax on profit	8		224,807		33,540
PROFIT FOR THE FINANCIAL PERIOD			1,229,515		1,181,805

The notes form part of these financial statements

Heygates Limited (Registered number: 00603238)

Other Comprehensive Income
for the period 3 April 2016 to 1 April 2017

	Period 3.4.16 to 1.4.17 £	Period 29.3.15 to 2.4.16 £
Notes		
PROFIT FOR THE PERIOD	1,229,515	1,181,805
OTHER COMPREHENSIVE INCOME		
FRS 102 actuarial losses	(2,327,000)	(1,769,500)
Income tax relating to other comprehensive income	400,900	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	<u>(1,926,100)</u>	<u>(1,769,500)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(696,585)</u></u>	<u><u>(587,695)</u></u>

The notes form part of these financial statements

Heygates Limited (Registered number: 00603238)

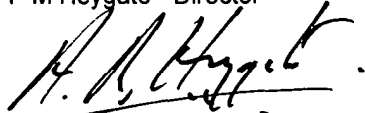
Balance Sheet
1 April 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	9	16,209,013	15,398,498
Investments	10	240,737	590,737
		<u>16,449,750</u>	<u>15,989,235</u>
CURRENT ASSETS			
Stocks	11	6,184,329	5,839,784
Debtors	12	30,049,516	23,423,803
Cash at bank		482,995	5,075,064
		<u>36,716,840</u>	<u>34,338,651</u>
CREDITORS			
Amounts falling due within one year	13	27,055,644	25,260,886
NET CURRENT ASSETS		<u>9,661,196</u>	<u>9,077,765</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>26,110,946</u>	<u>25,067,000</u>
PROVISIONS FOR LIABILITIES	18	(508,104)	(877,573)
PENSION LIABILITY	21	(2,110,000)	-
NET ASSETS		<u><u>23,492,842</u></u>	<u><u>24,189,427</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	2,000,000	2,000,000
Retained earnings	20	21,492,842	22,189,427
SHAREHOLDERS' FUNDS		<u><u>23,492,842</u></u>	<u><u>24,189,427</u></u>

The financial statements were approved by the Board of Directors on 12 December 2017 and were signed on its behalf by:



P M Heygate - Director



A R Heygate - Director

The notes form part of these financial statements

Heygates Limited (Registered number: 00603238)

Statement of Changes in Equity
for the period 3 April 2016 to 1 April 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 29 March 2015	2,000,000	22,777,122	24,777,122
Changes in equity			
Total comprehensive income	-	(587,695)	(587,695)
Balance at 2 April 2016	2,000,000	22,189,427	24,189,427
Changes in equity			
Total comprehensive income	-	(696,585)	(696,585)
Balance at 1 April 2017	2,000,000	21,492,842	23,492,842

The notes form part of these financial statements

Notes to the Financial Statements
for the period 3 April 2016 to 1 April 2017

1. PRINCIPAL PLACE OF BUSINESS

Heygates Limited is a private company, limited by shares, incorporated and domiciled in England and has its registered office and principal place of business at Bugbrooke Mills, Bugbrooke, Northampton, NN7 3QH. 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 applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£) and cover the period to the Saturday that falls closest to the 31st March each year. This results in the comparatives being not entirely comparable.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A.

Details of the parent company in which full disclosure can be found are contained in the 'Ultimate Controlling Party' note.

Related party exemption

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

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

(a) Valuation of pension obligations

The fair value of the Company's defined benefit scheme is determined each year following advice from a qualified independent actuary and can fluctuate based on a number of external factors, which are subject to major assumptions. These assumptions are described fully in the Employee Benefit Obligations note. A £2.1m deficit has been recognised in the accounts giving rise to a movement in deferred tax of £400,900. In the prior year a £3.55m surplus was not recognised as the directors were of the opinion it would never crystallise.

(b) Present value of related party loans

In determining the present value of related party loans, management have used an effective rate of interest from similar market loans. Due to the nature of the loan, future cash flows have also been estimated so that a present value can be reached.

(c) Determining net realisable values of stocks

In determining the net realisable value of stocks, management takes into account the most reliable evidence available at the dates the estimates are made.

(d) Trade debtors

The directors carefully consider the recoverability of trade debtors based on their experience of customers' payment history and the likelihood of recovery.

(e) Fair value of future contracts

In determining the fair value of future contracts, an independent third party financial services company uses the most reliable trade prices to generate an open position valuation at the year end date. The fair value of the future contracts included within debtors at the year end was £573,006 (2016: £Nil), this has been credited to the profit and loss account. Any foreign currency valuations have used the spot rate at the date of valuation.

(f) Determining net book value of tangible fixed assets

In determining net book value of tangible fixed assets, management estimate both the residual value and the useful economic lives of the assets. Both judgements rely on the experience of management.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the invoiced amount of goods sold, stated net of value added tax. The turnover and pre-tax loss is wholly attributable to the sole activity of flour milling, and is recognised upon proof of delivery.

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Land and buildings	- 2% and 3% on cost
Plant and machinery	- 10% and 100% on cost
Office equipment	- 10%, 20% and 25% on cost
Motor vehicles	- 20% on cost

Items costing £5,000 or less and not part of a wider project costing more than £5,000 are written off to the income statement as repairs and renewals.

Freehold land is not depreciated.

Investments in joint ventures and associates

Fixed asset investments comprise of unquoted shares in joint ventures and associates which are stated at cost less impairment. Impairment losses are recognised immediately in the statement of income. The details of the investments are shown in the Fixed Asset Investments note. The consolidated financial statements of the parent company, Heygates and Sons Limited, include the joint venture using the gross equity method in line with the requirements of FRS 102 Section 15 - "Investment in Joint Ventures".

Stocks

Stocks are stated at the lower of cost price and net realisable value. Raw materials are valued at cost price, calculated on a first in first out basis. Finished goods are valued at the cost of direct materials plus a percentage to cover overheads and labour costs. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

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.

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.

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. Forward foreign currency purchases are initially recognised at fair value on the date they are entered into and are subsequently remeasured at their fair value. Changes in the fair value are recognised in the income statement with the corresponding entry being a derivative asset or liability in the balance sheet.

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

2. ACCOUNTING POLICIES - continued

Investment income

Income from investments is included in the income statement of the accounting period in which it is received.

Financial instruments

Heygates Limited enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans, balances to and from related parties and invoice discounting facilities.

Debt instruments (other than those wholly repayable or receivable in one year), including loans and other accounts receivable and payable, are initially measured at the present value of future cash flows and subsequently at amortised cost using the effective interest rate method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective impairment is found, an impairment loss is recognised in the income statement.

Derivatives, including futures, are not considered basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in profit and loss in finance costs or income as appropriate.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Leasing commitments

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

Income from operating leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Pension and post employment benefits

In accordance with FRS 102 Section 28 - "Employee benefits", the operating and financing costs of pension and post-retirement schemes are recognised separately in the profit and loss. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The cost of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in the statement of other comprehensive income.

The disclosure required by FRS 102 Section 28 - "Employee benefits" are given in the Employee Benefit Obligations note.

Heygates Limited (Registered number: 00603238)

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

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 3.4.16 to 1.4.17 £	Period 29.3.15 to 2.4.16 £
United Kingdom	106,580,162	110,345,610
Rest of Europe	2,524,347	2,959,019
	<u>109,104,509</u>	<u>113,304,629</u>

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	8,590,710	8,610,937
Social security costs	889,555	910,208
Other pension costs	722,629	466,578
	<u>10,202,894</u>	<u>9,987,723</u>

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

	2017 No.	2016 No.
Office and management	74	66
Milling and production	140	140
Selling and distribution	43	50
	<u>257</u>	<u>256</u>

	Period 3.4.16 to 1.4.17 £	Period 29.3.15 to 2.4.16 £
Directors' remuneration	573,161	563,801
Directors' pension contributions to money purchase schemes	<u>25,860</u>	<u>12,928</u>

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

Money purchase schemes	3	3
Defined benefit schemes	<u>3</u>	<u>3</u>

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

4. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director is as follows:

	Period 3.4.16 to 1.4.17 £	Period 29.3.15 to 2.4.16 £
Emoluments etc	135,237	132,573
Pension contributions to money purchase schemes	10,874	5,721

5. OPERATING PROFIT

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

	Period 3.4.16 to 1.4.17 £	Period 29.3.15 to 2.4.16 £
Depreciation - owned assets	1,915,899	1,786,161
Profit on disposal of fixed assets	(1,292)	(2,233)
Auditors' remuneration	64,150	62,750
Auditors' remuneration for non audit work	74,050	15,325
Foreign exchange differences	(43,849)	(23,168)
Auditors' remuneration for associated pension schemes	6,300	6,100
FRS 102 Section 28 - adjustment to current service charge	(217,000)	(1,769,500)
Operating lease rentals in respect of motor vehicles	149,789	142,790
Rent of land and buildings	254,306	241,256

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 3.4.16 to 1.4.17 £	Period 29.3.15 to 2.4.16 £
Interest on loans	35,853	25,092
Interest income on present value of interest free loans	38,024	29,551
Fair value movement on derivatives	573,006	-
	<u>646,883</u>	<u>54,643</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 3.4.16 to 1.4.17 £	Period 29.3.15 to 2.4.16 £
Bank interest	130	124,412
Related party loan interest	104,841	87,014
	<u>104,971</u>	<u>211,426</u>

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

8. TAXATION

Analysis of the tax charge

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

	Period 3.4.16 to 1.4.17 £	Period 29.3.15 to 2.4.16 £
Current tax:		
UK corporation tax	193,376	-
Deferred tax	31,431	33,540
Tax on profit	<u>224,807</u>	<u>33,540</u>

Reconciliation of total tax charge 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 3.4.16 to 1.4.17 £	Period 29.3.15 to 2.4.16 £
Profit before tax	<u>1,454,322</u>	<u>1,215,345</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	290,864	243,069
Effects of:		
Expenses not deductible for tax purposes	31,175	12,138
Income not taxable for tax purposes	(7,605)	-
Capital allowances in excess of depreciation	(45,598)	(47,856)
Utilisation of tax losses	(31,803)	-
Adjustments for FRS 102 Section 28	(43,400)	(353,900)
Loss / (profit) on disposal of fixed assets	(257)	(447)
Losses surrendered for group relief	-	161,283
FRS 102 transitional adjustments	-	(14,287)
Deferred tax movement	31,431	33,540
Total tax charge	<u>224,807</u>	<u>33,540</u>

Tax effects relating to effects of other comprehensive income

	3.4.16 to 1.4.17		
	Gross £	Tax £	Net £
FRS 102 actuarial losses	<u>(2,327,000)</u>	<u>400,900</u>	<u>(1,926,100)</u>
	29.3.15 to 2.4.16		
	Gross £	Tax £	Net £
FRS 102 restricted actuarial gains	<u>(1,769,500)</u>	<u>-</u>	<u>(1,769,500)</u>

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

9. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Office equipment £	Motor vehicles £	Totals £
COST					
At 3 April 2016	4,894,472	50,154,332	1,792,356	161,500	57,002,660
Additions	-	2,530,415	195,999	-	2,726,414
At 1 April 2017	4,894,472	52,684,747	1,988,355	161,500	59,729,074
DEPRECIATION					
At 3 April 2016	3,197,520	36,779,311	1,520,120	107,211	41,604,162
Charge for period	118,524	1,695,958	69,113	32,304	1,915,899
At 1 April 2017	3,316,044	38,475,269	1,589,233	139,515	43,520,061
NET BOOK VALUE					
At 1 April 2017	1,578,428	14,209,478	399,122	21,985	16,209,013
At 2 April 2016	1,696,952	13,375,021	272,236	54,289	15,398,498

Land and buildings include freehold land and leasehold land and buildings as follows:

	2017 £	2016 £
Net book amount:		
Freehold land and buildings	387,233	424,583
Short leasehold land and buildings	1,191,195	1,272,369
	<u>£1,578,428</u>	<u>£1,696,952</u>

10. FIXED ASSET INVESTMENTS

	Interest in joint venture £	Interest in associate £	Totals £
COST			
At 3 April 2016	-	590,737	590,737
Additions	240,737	-	240,737
Disposals	-	(590,737)	(590,737)
At 1 April 2017	240,737	-	240,737
NET BOOK VALUE			
At 1 April 2017	240,737	-	240,737
At 2 April 2016	-	590,737	590,737

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

10. FIXED ASSET INVESTMENTS - continued

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

Joint venture

Green Light Packaging Limited

Registered office: 45 Queen Street, Deal, Kent, CT14 6EY

Nature of business: Loose fill manufacture packaging

	% holding	
Class of shares:		
Ordinary £1	50.00	31.12.16 £
Aggregate capital and reserves		2,545,778
Profit for the year		419,238

The company was incorporated on the 9th May, 1994 and was an investment with two other shareholders to sell loose fill manufacture packaging materials.

In July 2015, the company increased its ownership of the two associates below from 40% to 50% following the redemption of the shares owned by another shareholder. The company regarded the entities as associates for the entire comparative period.

On 30th June, 2016 Green Light Products Limited changed its name to Green Light Packaging Limited and acquired the shares of its sister company, Green Light International Limited.

On the 1st July, 2016 Green Light International Limited transferred its net assets of £1,383,448 to Green Light Packaging Limited at net book value.

Post the re-organisation, the company regards the investment in Green Light Packaging Limited and its subsidiary Green Light International Limited, as a joint venture which is disclosed above.

Associated companies

Green Light Products Limited

Registered office: 45 Queen Street, Deal, Kent, CT14 6EY

Nature of business: Loose fill manufacture packaging

	% holding		
Class of shares:			
Ordinary £1	50.00	31.12.16 £	31.12.15 £
Aggregate capital and reserves		-	754,342
Profit for the year		-	61,564

Green Light International Limited

Registered office: 45 Queen Street, Deal, Kent, CT14 6EY

Nature of business: Packing materials wholesale

	% holding		
Class of shares:			
Ordinary £1	50.00	31.12.16 £	31.12.15 £
Aggregate capital and reserves		-	1,130,236
Profit for the year		-	703,400

Heygates Limited (Registered number: 00603238)

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

11. STOCKS

	2017	2016
	£	£
Raw materials	4,791,204	4,394,808
Finished goods	1,393,125	1,444,976
	<u>6,184,329</u>	<u>5,839,784</u>

The amount of stock recognised as an expense during the year was £74,401,179 (2016: £78,214,910).

12. DEBTORS

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	14,812,005	13,218,128
Amounts owed by group undertakings	10,376,048	5,335,813
Amounts owed by related parties	115,000	125,960
Other debtors	850,157	856,328
Loans to customers	34,664	169,919
Derivative asset	573,006	-
Tax	11	11
VAT	1,221,257	1,939,921
Prepayments and accrued income	111,275	109,650
	<u>28,093,423</u>	<u>21,755,730</u>

Amounts falling due after more than one year:

Amounts owed by associates	1,615,291	1,241,255
Loans to customers	186,328	272,344
Loan to SAM SA	154,474	154,474
	<u>1,956,093</u>	<u>1,668,073</u>

Aggregate amounts	<u>30,049,516</u>	<u>23,423,803</u>
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Future contracts are derivative financial assets and therefore held at fair value, their fair value was determined by an independent third party financial services company who determine the contracts open valuation using commodity rates at the valuation date.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 14)	16,797,947	9,036,099
Other loans (see note 14)	5,573,977	6,213,341
Trade creditors	1,731,470	1,480,943
Amounts owed to group undertakings	877,409	6,438,144
Amounts owed to related parties	20,247	19,855
Tax	193,376	-
Social security and other taxes	657,500	659,646
Other creditors	794,824	847,790
Accruals and deferred income	408,894	565,068
	<u>27,055,644</u>	<u>25,260,886</u>

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

14. LOANS

An analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year or on demand:		
Bank overdrafts	16,797,947	9,036,099
Other loans	5,573,977	6,213,341
	<u>22,371,924</u>	<u>15,249,440</u>

15. LEASING AGREEMENTS

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

	2017 £	2016 £
Within one year	281,200	284,830
Between one and five years	132,597	203,325
	<u>413,797</u>	<u>488,155</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2017 £	2016 £
Other loans	<u>5,573,977</u>	<u>6,213,341</u>

The secured debt relates to an invoice discounting facility which is secured over the applicable trade debtor balances.

17. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Financial assets/(liabilities)	See note	2017 £	2016 £
Measured at fair value through profit or loss			
- Derivative contracts	12	<u>573,006</u>	-
		<u>573,006</u>	-
Interest income and expense			
Total interest income for financial assets at fair value		573,006	-
Total interest expense for financial liabilities at fair value		-	-

Future contracts fair values were determined using an independent third party financial services company who use reliable trade prices to generate an open position at the year end.

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

18. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Deferred tax		
Accelerated capital allowances	909,004	877,573
Other timing differences	(400,900)	-
	<u>508,104</u>	<u>877,573</u>
		Deferred tax £
Balance at 3 April 2016		877,573
Change in deferred tax rate		(43,878)
Charge re timing differences		75,309
Credit re pension liabilities		(400,900)
Balance at 1 April 2017		<u>508,104</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2017	2016
Number:	Class:	Nominal value:	£	£
2,000,000	Ordinary	£1	<u>2,000,000</u>	<u>2,000,000</u>

Called up share capital

This represents the nominal value of shares that have been issued.

20. RESERVES

	Retained earnings £
At 3 April 2016	22,189,427
Profit for the period	1,229,515
Actuarial loss on net pension liabilities	(1,926,100)
At 1 April 2017	<u>21,492,842</u>

Retained earnings

This reserve includes all current and prior period retained profit and losses.

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

21. EMPLOYEE BENEFIT OBLIGATIONS

Heygates Limited is one of the sponsoring companies of the Heygate Group Pension and Life Assurance Scheme. For the period ended 1st April, 2017 the costs of the group pension have been shared between Heygates Limited and Fine Lady Bakeries Limited.

The long serving employees of the company, with the exception of certain directors, are members of the Heygate Group Pension and Life Assurance Scheme which provides defined pension and lump sum benefits payable to members on their retirement from the Heygate Group, or to their dependants on death before or after retirement. The scheme is of the defined benefit type for members, and this scheme was closed to new members on 1st October, 2002, and on the 30th September, 2010 the scheme ceased further accruals of pensionable service.

The assets of the scheme are held in trustee administered funds separate from the company's assets.

For all employees starting employment since 2nd October, 2002, and for existing scheme members in relation to pensionable service from 1st October, 2010, the company has a separate plan from the scheme which provides defined contribution benefits. The assets of the plan are held separately from those of the company in independently administered funds.

The total defined contribution pension cost for the company for the year was £722,629 (2016 £466,578).

The level of contributions to the defined benefit scheme is assessed in accordance with the advice of an independent qualified actuary and is calculated so as to spread the charge to profit and loss over the average service periods of current employees in the scheme. The scheme is valued using the projected unit method.

The most recent actuarial valuation was carried out on 1st October, 2014.

As the defined benefit scheme has been closed to new entrants, the age profile of active members is increasing over time. Under the projected unit method, the current service cost will increase as active members of the scheme approach retirement. As a result of the cessation of further accruals of pensionable service the costs of funding the liability to pay future pensions to serving members will decrease.

Based on the assumptions listed below, and using the projected unit method, the value of the assets less obligations equated to an overall obligation of £2,110,000 (2016 - £Nil), after making allowances for the expected future increases in earnings and increases to pensions in payment.

The market value of the scheme assets as at 1st October, 2014 amounted to £79.0 million (£59.1m at 1st October, 2011) as per the last full actuarial valuation. The valuation was then updated by independent qualified actuaries to 1st April, 2017.

Following the triennial valuation at 1st October, 2014, the trustees, the company and the group confirmed their adherence to a recovery plan designed to eliminate the deficit by February 2017. Better than forecast performance enabled the deficit to be eliminated by April, 2016. An actuary has been instructed to carry out the 1st October, 2017 triennial valuation, the results of which are being awaited.

During the period, recovery plan payments of £87,500 (2016 - £1,646,000) were made to the defined benefit pension scheme.

The total cost of pension schemes recognised in the income statement during the period is £593,129 (2016 - £343,078).

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Present value of funded obligations	(50,613,500)	(40,824,500)
Fair value of plan assets	48,503,500	40,824,500
	<u>(2,110,000)</u>	<u>-</u>
Present value of unfunded obligations	-	-
Deficit	<u>(2,110,000)</u>	<u>-</u>
Net liability	<u>(2,110,000)</u>	<u>-</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	(129,500)	(123,500)
Past service cost	-	-
	<u>(129,500)</u>	<u>(123,500)</u>
Actual return on plan assets	<u>9,269,500</u>	<u>(1,010,500)</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Opening defined benefit obligation	40,824,500	41,669,000
Interest cost	1,439,500	1,494,000
Actuarial losses/(gains)	10,027,500	(858,500)
Benefits paid	(1,678,000)	(1,480,000)
	<u>50,613,500</u>	<u>40,824,500</u>

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Opening fair value of scheme assets	40,824,500	41,669,000
Contributions by employer	87,500	1,646,000
Expected return	1,569,000	1,617,500
Actuarial gains/(losses)	7,700,500	(2,628,000)
Benefits paid	(1,678,000)	(1,480,000)
	<u>48,503,500</u>	<u>40,824,500</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Actuarial gains/(losses)	(2,327,000)	(1,769,500)
Deferred tax on actuarial gains/(losses)	400,900	-
	<u>(1,926,100)</u>	<u>(1,769,500)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Equities	32,091,500	24,089,500
Bonds	14,118,000	13,533,500
Insured pensions	799,500	694,000
Cash	1,494,500	2,507,500
	<u>48,503,500</u>	<u>40,824,500</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2017	2016
Discount rate	2.60%	3.60%
Future salary increases - staff members	2.70%	2.20%
Future salary increases - works members	2.20%	1.70%
LPI pension increases	2.20%	1.70%
Inflation	3.20%	2.90%
Deferred pension revaluations	2.20%	1.70%

Heygates Limited (Registered number: 00603238)

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

21. EMPLOYEE BENEFIT OBLIGATIONS - continued

Life expectancy based on mortality assumption, the life expectancies in years are as follows:

	2017	2016
	No. of years	No. of years
For a male aged 65 now	20.9	20.9
At 65 for a male member aged 45 now	22.2	22.1
For a female aged 65 now	22.9	22.8
At 65 for a female member aged 45 now	24.4	24.3

22. CONTINGENT LIABILITIES

There is a contingent liability in respect of an unlimited multilateral guarantee, dated 31st July, 2008, covering the bank overdrafts of the company, its holding company and the following fellow subsidiaries:

The Heygate Engineering Company Limited	Warburton Estate Company Limited
Fine Lady Bakeries Limited	Heygate Farms Swaffham Limited
County Pride Products Limited	Heygate Grain Limited
Heygate Leasing Limited	Millstream Investments Limited
FA Bird (Downham Mills) Limited	Heygates Country Feeds Limited

The maximum amount payable is the net overdraft of the group at each period end.

There is a contingent liability in respect of a guarantee, dated 17th September, 2002, in favour of HM Revenue and Customs Deferment Section for £45,000 (2016 - £45,000).

There is a contingent liability in respect of a guarantee to the Rural Payments Agency dated 2nd July, 2015 for £40,000.

23. RELATED PARTY DISCLOSURES

The directors have taken advantage of the exemption under terms of FRS 102 'Related Party Disclosures' from disclosing transactions with entities that are subsidiaries or investees in the group on the grounds that the company qualifies for the exemption as it is a wholly owned subsidiary of Heygate and Sons Limited.

Key management personnel of the entity or its parent (in the aggregate)

	2017	2016
	£	£
Compensation	674,199	649,559

Key management are considered to be the Directors of Heygates Limited.

Other related parties

	2017	2016
	£	£
Recharges	503,968	497,177
Purchases	14,591,895	15,269,124
Rent paid	217,959	207,806
Loan interest payable	104,841	87,014
Amount due from related party	3,938,615	3,399,481
Amount due to related party	21,816	19,855

Notes to the Financial Statements - continued
for the period 3 April 2016 to 1 April 2017

24. AUDITOR LIABILITY LIMITATION AGREEMENT

On the 15th December, 2016, a resolution was passed by the Heygate and Sons Limited group of companies entering into an agreement limiting the amount of any liability owed to the group of companies by the auditor in respect of any negligence, default or breach of duty occurring in the course of the audit of the financial statements for the year ending 1st April, 2017.

The maximum aggregate amount of the auditor's liability to the group of companies shall not exceed the sum of twenty-five times the fees payable for the financial year in question, or £5,000,000, which ever is the lesser amount.

25. ULTIMATE CONTROLLING PARTY

The directors consider that the ultimate parent company is Heygate and Sons Limited, which owns 100% of its issued ordinary share capital. Heygates and Sons Limited is a company registered in England that shares the same registered office as Heygates Limited.

Heygate and Sons Limited has a controlling nucleus of directors; Mr AR Heygate and Mr PM Heygate who together own 10% of the voting issued ordinary share capital personally and 47.94% of the voting issued ordinary share capital as principal trustees of family trusts.

Heygates and Sons Limited consolidated financial statements are available at Companies House.

Mrs D Haines, sister of Mr PM Heygate and cousin of Mr AR Heygate, although not a director of Heygate and Sons Limited, is a principal trustee of a family trust which owns 15.45% of the remaining voting issued ordinary share capital.

Following the year end, sadly Mrs D Haines passed away on the 9th November, 2017.