

Company Registration No. 00740635 (England and Wales)

STONEGATE FARMERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 26 SEPTEMBER 2020

STONEGATE FARMERS LIMITED

COMPANY INFORMATION

Director	Mr A D Gott
Company number	00740635
Registered office	Lacock Green Corsham Road Lacock Chippenham SN15 2LZ
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

STONEGATE FARMERS LIMITED

CONTENTS

	Page
Strategic report	1 - 7
Director's report	8 - 9
Director's responsibilities statement	10
Independent auditor's report	11 - 13
Statement of comprehensive income	14
Balance sheet	15
Statement of changes in equity	16 - 17
Notes to the financial statements	18 - 41

STONEGATE FARMERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 26 SEPTEMBER 2020

The director presents the strategic report for the year ended 26 September 2020.

Principal activity

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

Fair review of the business

The company experienced turnover growth of 9% in the period to £77.7m (2019: £71.3m). Operating profit increased to £1,606,795 (2019: £1,370,079) reflecting the continued investment in equipment and people. Profit before tax for the period was £2,406,145 which is lower than 2019 as 2019 includes adjustments from the Group restructuring.

During 2018 the company sold land & building assets to consolidate the property estate into one company which allows the company to focus on its core competency of shell egg packing and egg product manufacturing. The Director considers the company to be in a strong financial position given net assets of £12.2m as at 26 September 2020 (2019: £9.4m).

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

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

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

STONEGATE FARMERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

Principal risks and uncertainties

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

Raw Material risk

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

Health & Safety risk

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

Cash flow risk

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

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

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

Credit risk

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

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

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

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

Liquidity risk

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

STONEGATE FARMERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

Market Risk

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

The UK's exit from the EU

While the Director can't predict what the longer-term impact of the UK's exit from the EU will be, the senior management team will continue to monitor the position and its potential impact on our business.

The business benefits from 100% of its egg coming from UK farms and very little egg being sold outside the UK.

Covid-19

The outbreak of the Covid-19 virus in early 2020 has had a significant impact on a large number of businesses. However, food producers have been less severely impacted than many businesses and the Director believes that the company is well placed to minimise any impact.

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

Key performance indicators

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

Health, safety and environment

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

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

From the Quality Management System perspective, we are under British Retail Consortium Global Food Safety Initiative accreditation rather than following ISO9001. Our current grade A+ covers:

"Grading and packing, of hen, goose, ostrich, pheasant, quail, duck, emu, turkey, rhea and guinea fowl eggs, including speciality breeds. Packing into pulp or plastic cartons. The cooking, cooling, shelling, assembly of value-added components, MAP/bulk packing of hen and quail eggs. The breaking, pasteurisation of liquid egg with and without additions. Packing into IBC palletcons, retail cartons and bag in box".

In addition, we are certified and adhere to standards developed by The Royal Society for the Prevention of Cruelty to Animals, Organic Farmers & Growers and the Soil Association.

STONEGATE FARMERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

Streamlined Energy and Carbon Reporting

Carbon emissions and energy consumption

Financial period 29 September 2019 to 26 September 2020:

Energy consumption (kWh)

Use of fuel for transport – 11,682,212

Purchase of electricity – 1,475,025

Gas – 78,890

Total – 13,242,112

Greenhouse gas emissions (tCO₂)

Gas – 24

Transport fuels for company owned vehicles – 3,071

Transport fuels for rental cars and employee-owned vehicles – 66

Subtotal – 3,161

From purchased electricity - 417

Total gross and net emissions – 3,578

Intensity measures

kWh per 100,000 eggs sold – 1,859

tCO₂ per 100,000 eggs sold – 0.5

Methodology

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

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

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

STONEGATE FARMERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

Energy efficient actions taken

General

The company has reviewed the output from the Energy Savings Opportunities Scheme report generated by Smartech Energy. Smartech completed an energy management survey with the aid of energy monitoring to establish new opportunities to reduce consumption and improve energy management. The company have a working group focused on delivering the opportunities identified and continue to look for new ways to reduce consumption.

In 2016 the company invested in renewable energy with the introduction of solar capture at its main site in Lacock.

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

Power saving remains a key part of our environmental strategy, from employee awareness and engagement to the type of equipment we purchase. We have implemented LED lighting and motion detection and will continue to roll this out.

We have introduced new metering and recording to allow us to better understand when and how power is being consumed.

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

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

Transport Fuels

The company operate a fleet of Volvo tractor and rigid motive units. The existing 5-year-old tractor units are replaced in January 2021 with the latest Volvo FH500 Globetrotter with Euro 6 engines. These vehicles were selected primarily for their incredibly good fuel economy and monitoring technology.

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

The company also operates a fleet of five Mercedes vans for customer deliveries in London. These vehicles were new in 2019 replacing less efficient and reliable Peugeot vans.

Staff and visitors to the Lacock site can take advantage of charging facilities for electric cars.

During the year, the company has been trialling a gas-powered tractor unit.

STONEGATE FARMERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

Waste

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

The company uses wastewater capture for vehicle washing.

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

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

Farming

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

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

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

In the past 12 months, we have embraced initiatives to improve the environmental credentials of the eggs we sell. We minimise the soy used in the rations fed to our hens, and the proportion that remains is sourced from areas free from illegal deforestation. During 2020, we have significantly increased the uptake of white eggs in the UK. White eggs are produced from white hens, which have very different physiological characteristics to their brown stablemates. They are considerably more efficient and have much greater longevity. Thus, the carbon footprint of a white egg is over 4% lower and we need to farm less animals for the same number of eggs.

We have planted nearly 100 acres of wildflowers in the past 2 years, encouraging biodiversity on the farms we work with. This compliments the tree planting already undertaken, but in the year ahead, we plan to plant substantially more of trees too. As concerns of the health of the UK's rivers have been reported, we have facilitated webinars with rivers authorities and NGOs to ensure the farms that supply us are aware of their responsibilities. Stonegate are a signatory to the Courtauld Commitment 2025.

On our own farms, we have been involved in a variety of scientific studies with academia and certification bodies, involving the development of future farming standards for organic production, novel approaches to hen welfare and nutrition. We are members of CIEL, the Centre for Innovation Excellence in Livestock, which aims to link scientific research, trade and government stakeholders in bringing new technologies to food production. In the year ahead, Stonegate's multi-million-pound investment into our owned farm portfolio will build on the many insights gained from our involvement with such projects.

STONEGATE FARMERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

S172 statement

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

The Director:

- considers having acted in good faith to promote the success of the company on behalf of the employees, clients and suppliers of the business in relation to matters set out in s172.

- monitors and reviews strategic objectives against growth plans and regular reviews at departmental and senior management team level are held across the business in the key areas being H&S, Financial performance, Operations, Human Resources and Risks and Opportunities.

- considers H&S fundamental to the management of the business. Safe working practices that minimise environmental impact are key to the success of the business and vitally important for our stakeholders, the communities, and the environments we work in.

- recognises and understands that it is important to keep employees informed of all matters concerning them and does this in several ways including site notices, meetings, verbal and written communications. The views and interests of employees are considered in consultation with them through working groups or forums, which evolve over time to meet the needs of all parties. The policy of the company is to consult and discuss with employees any issues that arise in accordance with relevant procedures or legislation.

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

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

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

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

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

Future developments

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

On behalf of the board

Mr A D Gott
Director

1 April 2021

STONEGATE FARMERS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 26 SEPTEMBER 2020

The director presents his annual report and financial statements for the year ended 26 September 2020.

Principal activities

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

Director

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

Mr A D Gott

Results and dividends

The results for the year are set out on page 14.

Ordinary dividends were paid amounting to £227,100. The director does not recommend payment of a further dividend.

Disabled persons

The group recognises its responsibility to give full and fair consideration to applications for employment by disabled persons having regard to their particular aptitudes and abilities as well as ensuring that any person becoming disabled whilst employed is provided with, as far as is practicable, equal opportunities for training and career development.

Employee involvement

The directors recognise that the future success of the business is highly dependent upon the loyalty, skills and motivation of the group's employees and, therefore, encourage the supply of information on the progress of their business unit and the group as a whole. Employee participation in improving the efficiency of the business is actively sought at all levels through regular meetings.

Auditor

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

Strategic report

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

Statement of disclosure to auditor

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

STONEGATE FARMERS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

On behalf of the board

Mr A D Gott
Director

1 April 2021

STONEGATE FARMERS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 26 SEPTEMBER 2020

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STONEGATE FARMERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STONEGATE FARMERS LIMITED

Opinion

We have audited the financial statements of Stonegate Farmers Limited (the 'company') for the year ended 26 September 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 26 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

STONEGATE FARMERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STONEGATE FARMERS 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 and the director's report.

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

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

STONEGATE FARMERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF STONEGATE FARMERS LIMITED

Use of our report

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

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

Richard House
9 Winckley Square
Preston
PR1 3HP

14 April 2021

STONEGATE FARMERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 26 SEPTEMBER 2020

		52 weeks ended 28 September 2020 £	52 weeks ended 29 September 2019 £
	Notes		
Turnover	3	77,698,379	71,260,139
Cost of sales		(70,521,600)	(63,624,259)
Gross profit		7,176,779	7,635,880
Administrative expenses		(12,444,080)	(8,860,917)
Other operating income		6,874,096	2,595,116
Operating profit	4	1,606,795	1,370,079
Interest receivable and similar income	8	1,003,521	11,374,090
Interest payable and similar expenses	9	(204,171)	(257,556)
Amounts written off investments	10	-	(6,570,893)
Profit before taxation		2,406,145	5,915,720
Tax on profit	11	(252,520)	(35,101)
Profit for the financial year		2,153,625	5,880,619
Other comprehensive income			
Actuarial gain/(loss) on defined benefit pension schemes		1,095,000	(1,166,000)
Tax relating to other comprehensive income		(208,050)	162,095
Total comprehensive income for the year		3,040,575	4,876,714

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

STONEGATE FARMERS LIMITED

BALANCE SHEET

AS AT 26 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	14	151,222		70,406	
Tangible assets	15	8,196,914		5,319,529	
Investments	16	6,069		6,069	
		<u>8,354,205</u>		<u>5,396,004</u>	
Current assets					
Stocks	19	946,693		634,795	
Debtors	18	23,861,773		40,895,236	
Cash at bank and in hand		1,435,393		1,392,674	
		<u>26,243,859</u>		<u>42,922,705</u>	
Creditors: amounts falling due within one year	20	<u>(18,312,945)</u>		<u>(33,062,145)</u>	
Net current assets		<u>7,930,914</u>		<u>9,860,560</u>	
Total assets less current liabilities		<u>16,285,119</u>		<u>15,256,564</u>	
Creditors: amounts falling due after more than one year	21	(1,208,054)		(1,558,344)	
Provisions for liabilities	24	(2,857,870)		(4,292,500)	
Net assets		<u>12,219,195</u>		<u>9,405,720</u>	
Capital and reserves					
Called up share capital	26	1,000		1,000	
Other reserves	29	-		1,799,221	
Profit and loss reserves		12,218,195		7,605,499	
Total equity		<u>12,219,195</u>		<u>9,405,720</u>	

The financial statements were approved and signed by the director and authorised for issue on 1 April 2021

Mr A D Gott
Director

Company Registration No. 00740635

STONEGATE FARMERS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 26 SEPTEMBER 2020

	Share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
Balance at 30 September 2018	2,681,527	195,251	2,289,705	1,799,221	15,961,879	22,927,583
Period ended 28 September 2019:						
Profit for the period	-	-	-	-	5,880,619	5,880,619
Other comprehensive income:						
Actuarial gains on defined benefit plans	-	-	-	-	(1,166,000)	(1,166,000)
Tax relating to other comprehensive income	-	-	-	-	162,095	162,095
Total comprehensive income for the period					4,876,714	4,876,714
Dividends	-	-	-	-	(18,398,577)	(18,398,577)
Reduction of shares	(2,680,527)	(195,251)	-	-	2,875,778	-
Transfers	-	-	(2,289,705)	-	2,289,705	-
Balance at 28 September 2019	1,000	-	-	1,799,221	7,605,499	9,405,720

STONEGATE FARMERS LIMITED

STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 26 SEPTEMBER 2020

	Share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
Year ended 26 September 2020:						
Profit for the year	-	-	-	-	2,153,625	2,153,625
Other comprehensive income:						
Actuarial gains on defined benefit plans	-	-	-	-	1,095,000	1,095,000
Tax relating to other comprehensive income	-	-	-	-	(208,050)	(208,050)
Total comprehensive income for the year	-	-	-	-	3,040,575	3,040,575
Bonus issue of shares	26 1,799,221	-	-	(1,799,221)	-	-
Dividends	12 -	-	-	-	(227,100)	(227,100)
Reduction of shares	26 (1,799,221)	-	-	-	1,799,221	-
Balance at 26 September 2020	1,000	-	-	-	12,218,195	12,219,195

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 26 SEPTEMBER 2020

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

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

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

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts, as it is included in the consolidated accounts of a larger group. The financial statements present information about the company as an individual entity and not about its group. The results of the company are included in the consolidated financial statements of Gott Agri Holdings Limited, registered office Lacock Green, Corsham Road, Lacock, Chippenham, Wiltshire, SN15 2LZ.

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.2 Going concern

The outbreak of the Covid-19 virus in early 2020 has had a significant impact on a large number of businesses. However, food producers have been less severely impacted than many businesses and the Director believes that the company is well placed to minimise any impact.

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

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

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

1.3 Turnover

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

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

1.4 Intangible fixed assets other than goodwill

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

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

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

Software	20% to 33% per annum
----------	----------------------

1.5 Tangible fixed assets

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

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

1 Accounting policies

(Continued)

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

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

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

1.6 Fixed asset investments

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

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

1.7 Impairment of fixed assets

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

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

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

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

1.8 Stocks

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

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

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.9 Cash at bank and in hand

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

1.10 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

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

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

Deferred tax

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

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

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

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

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

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

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

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

1.15 Leases

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

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

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

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Impairment of trade debtors

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

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

Pension and other post-employment benefits

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

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

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

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

3 Turnover and other revenue

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

	2020	2019
	£	£
Turnover analysed by class of business		
Attributable to the principal activity	77,698,379	71,260,139
	<u> </u>	<u> </u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

3	Turnover and other revenue	(Continued)	
		2020	2019
		£	£
	Other significant revenue		
	Interest income	743	6
	Dividends received	1,002,778	11,374,084
		<u> </u>	<u> </u>
		2020	2019
		£	£
	Turnover analysed by geographical market		
	United Kingdom	77,698,379	71,260,139
		<u> </u>	<u> </u>
4	Operating profit	2020	2019
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Depreciation of owned tangible fixed assets	400,110	533,239
	Depreciation of tangible fixed assets held under finance leases	309,887	322,262
	Impairment of owned tangible fixed assets	-	44,614
	Profit on disposal of tangible fixed assets	(3,116)	(461,660)
	Amortisation of intangible assets	28,159	10,632
	Operating lease charges	1,100,741	1,118,057
		<u> </u>	<u> </u>
5	Auditor's remuneration	2020	2019
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	26,025	26,025
		<u> </u>	<u> </u>
	For other services		
	Taxation compliance services	8,750	8,750
	Other taxation services	13,155	2,200
	All other non-audit services	1,700	-
		<u> </u>	<u> </u>
		23,605	10,950
		<u> </u>	<u> </u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 26 SEPTEMBER 2020

6 Employees

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

	2020 Number	2019 Number
Production	138	131
Sales and distribution	79	75
Administration	52	39
	<u>269</u>	<u>245</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	8,774,520	7,758,851
Social security costs	733,484	646,860
Pension costs	252,449	179,748
	<u>9,760,453</u>	<u>8,585,459</u>

7 Director's remuneration

	2020 £	2019 £
Remuneration for qualifying services	-	53,292
Company pension contributions to defined contribution schemes	-	1,403
	<u>-</u>	<u>54,695</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2019 - 1).

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Other interest income	743	6
Income from fixed asset investments		
Income from shares in group undertakings	<u>1,002,778</u>	<u>11,374,084</u>
Total income	<u>1,003,521</u>	<u>11,374,090</u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 26 SEPTEMBER 2020**

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	43,570	40,516
Interest on finance leases and hire purchase contracts	39,059	48,892
Other interest on financial liabilities	40,042	70,148
Interest on the net defined benefit liability	81,500	98,000
	<u>204,171</u>	<u>257,556</u>

10 Amounts written off investments

	£	£
Impairment charge	-	6,570,893
	<u>-</u>	<u>6,570,893</u>

11 Taxation

	2020	2019
	£	£
Current tax		
Adjustments in respect of prior periods	(46,661)	(4,380)
	<u>(46,661)</u>	<u>(4,380)</u>
Deferred tax		
Origination and reversal of timing differences	462,336	25,055
Changes in tax rates	(67,487)	14,426
Adjustment in respect of prior periods	(95,668)	-
	<u>299,181</u>	<u>39,481</u>
Total deferred tax	299,181	39,481
	<u>299,181</u>	<u>39,481</u>
Total tax charge	<u>252,520</u>	<u>35,101</u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

11 Taxation

(Continued)

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

	2020 £	2019 £
Profit before taxation	2,406,145	5,915,720
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	457,168	1,123,987
Tax effect of expenses that are not deductible in determining taxable profit	186,440	1,164,647
Tax effect of income not taxable in determining taxable profit	(212,269)	(2,220,521)
Adjustments in respect of prior years	(46,661)	(4,380)
Effect of change in corporation tax rate	(67,487)	14,426
Group relief	30,997	113,412
Under/(over) provided in prior years	(95,668)	-
Transfers	-	(156,470)
Taxation charge for the year	252,520	35,101

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

	2020 £	2019 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	208,050	(162,095)

12 Dividends

	2020 £	2019 £
Final paid	227,100	18,398,577

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

13 Impairments

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

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	15	-	44,614
Fixed asset investments	16	-	6,570,893
		<u> </u>	<u> </u>
Recognised in:			
Administrative expenses		-	44,614
Amounts written off investments		-	6,570,893
		<u> </u>	<u> </u>

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

14 Intangible fixed assets

	Software £
Cost	
At 29 September 2019	81,038
Additions - separately acquired	108,975
	<u> </u>
At 26 September 2020	190,013
Amortisation and impairment	
At 29 September 2019	10,632
Amortisation charged for the year	28,159
	<u> </u>
At 26 September 2020	38,791
Carrying amount	
At 26 September 2020	151,222
	<u> </u>
At 28 September 2019	70,406
	<u> </u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

15 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 29 September 2019	904,446	7,497,851	501,223	8,903,520
Additions	-	3,562,886	51,805	3,614,691
Disposals	-	(45,464)	(216,517)	(261,981)
At 26 September 2020	904,446	11,015,273	336,511	12,256,230
Depreciation and impairment				
At 29 September 2019	904,446	2,316,270	363,275	3,583,991
Depreciation charged in the year	-	636,619	73,378	709,997
Eliminated in respect of disposals	-	(23,083)	(211,589)	(234,672)
At 26 September 2020	904,446	2,929,806	225,064	4,059,316
Carrying amount				
At 26 September 2020	-	8,085,467	111,447	8,196,914
At 28 September 2019	-	5,181,581	137,948	5,319,529

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

	2020 £	2019 £
Plant and machinery	2,038,265	2,139,490
Motor vehicles	27,536	104,887
	<u>2,065,801</u>	<u>2,244,377</u>

16 Fixed asset investments

	2020 £	2019 £
Unlisted investments	<u>6,069</u>	<u>6,069</u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 26 SEPTEMBER 2020

16 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £	Other investments other than loans £	Total £
Cost			
At 29 September 2019 & 26 September 2020	6,570,893	6,069	6,576,962
Impairment			
At 29 September 2019 & 26 September 2020	6,570,893	-	6,570,893
Carrying amount			
At 26 September 2020	-	6,069	6,069
At 28 September 2019	-	6,069	6,069

17 Subsidiaries

Details of the company's significant subsidiaries at 26 September 2020 are as follows:

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

Registered Office address:

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

18 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	7,474,976	6,727,528
Corporation tax recoverable	32,185	-
Amounts owed by group undertakings	14,516,729	32,438,125
Other debtors	1,172,549	782,594
Prepayments and accrued income	665,334	465,628
	<u>23,861,773</u>	<u>40,413,875</u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

18 Debtors			(Continued)
		2020	2019
		£	£
Amounts falling due after more than one year:			
Deferred tax asset (note 25)		-	481,361
		<u></u>	<u></u>
Total debtors		23,861,773	40,895,236
		<u></u>	<u></u>
19 Stocks		2020	2019
		£	£
Eggs, egg products and packaging		946,693	634,795
		<u></u>	<u></u>
20 Creditors: amounts falling due within one year		2020	2019
	Notes	£	£
Obligations under finance leases	23	449,842	432,093
Other loans	22	1,978,298	3,883,921
Trade creditors		7,033,762	5,049,673
Amounts due to group undertakings		2,325,584	19,041,928
Other taxation and social security		214,488	194,119
Other creditors		305,998	245,344
Accruals and deferred income		6,004,973	4,215,067
		<u></u>	<u></u>
		18,312,945	33,062,145
		<u></u>	<u></u>
21 Creditors: amounts falling due after more than one year		2020	2019
	Notes	£	£
Obligations under finance leases	23	1,208,054	1,558,344
		<u></u>	<u></u>
22 Loans and overdrafts		2020	2019
		£	£
Other loans		1,978,298	3,883,921
		<u></u>	<u></u>
Payable within one year		1,978,298	3,883,921
		<u></u>	<u></u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

22 Loans and overdrafts

(Continued)

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

23 Finance lease obligations

	2020 £	2019 £
Future minimum lease payments due under finance leases:		
Within one year	449,842	432,093
In two to five years	1,208,054	1,558,344
	<u>1,657,896</u>	<u>1,990,437</u>

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

24 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	25	25,870	-
Retirement benefit obligations	27, 28	2,832,000	4,292,500
		<u>2,857,870</u>	<u>4,292,500</u>

25 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Balances:				
Accelerated capital allowances	574,255	-	-	(278,858)
Retirement benefit obligations	(538,080)	-	-	729,725
Short-term timing difference	(10,305)	-	-	30,494
	<u>25,870</u>	<u>-</u>	<u>-</u>	<u>481,361</u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

25 Deferred taxation (Continued)

	2020 £
Movements in the year:	
Liability/(Asset) at 29 September 2019	(481,361)
Charge to profit or loss	299,181
Charge to other comprehensive income	208,050
	<hr/>
Liability at 26 September 2020	25,870
	<hr/>

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

26 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

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

27 Retirement benefit schemes

Defined contribution schemes

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

The charge to profit or loss in respect of defined contribution schemes was £252,449 (2019: £179,748).

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

27 Retirement benefit schemes

(Continued)

Defined benefit schemes

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

The total net pension liability at the year end is £2,832,000 (2019: £4,292,500). This comprises a net liability of £1,759,000 (2019: £1,959,500) for the Stonegate Farmers Limited Scheme and a net liability of £1,073,000 (2019: £2,333,000) for the Thames Valley Eggs Limited Scheme. Further analysis for each scheme is provided below.

Stonegate Farmers Limited Scheme

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

An actuarial valuation of Stonegate Farmers Limited Scheme as at 1 October 2019 showed a funding shortfall of £472,000. To eliminate the shortfall the Trustees and the Employer agreed:

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

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

The last actuarial valuation of the Stonegate Farmers Limited Scheme was as at 1 October 2019. The report has been updated to take accounts of the requirements of FRS 102 in order to assess the scheme deficit at 26 September 2020.

Thames Valley Eggs Limited Scheme

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

An actuarial valuation of the Thames Valley Eggs Limited Scheme as at 1 October 2019 showed a funding shortfall of £1.008 million. To eliminate the shortfall the Trustees and the Employer agreed:

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

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

The last actuarial valuation of the Thames Valley Eggs Limited Scheme was as at 1 October 2019. The report has been updated to take accounts of the requirements of FRS 102 in order to assess the scheme deficit at 26 September 2020.

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

	2020	2019
<i>Key assumptions</i>	%	%
Discount rate	1.70	1.90
Expected rate of increase of pensions in payment	5.00	5.00
CPI inflation	2.00	2.20
Expected return on plan assets	1.90	2.80
	=====	=====

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

27 Retirement benefit schemes

(Continued)

<i>Mortality assumptions</i>	2020	2019
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21.5	22.2
- Females	23.4	24.1
	<u> </u>	<u> </u>
	2020	2019
<i>Amounts recognised in the profit and loss account</i>	£	£
Past service costs	-	136,500
Net interest on defined benefit liability/(asset)	36,500	44,000
	<u> </u>	<u> </u>
Total costs	36,500	180,500
	<u> </u>	<u> </u>
	2020	2019
<i>Amounts taken to other comprehensive income</i>	£	£
Return on scheme assets excluding interest income	122,000	(74,000)
Actuarial changes related to obligations	(137,000)	667,000
	<u> </u>	<u> </u>
Total costs/(income)	(15,000)	593,000
	<u> </u>	<u> </u>
The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:		
	2020	2019
	£	£
Present value of defined benefit obligations	4,989,000	5,250,500
Fair value of plan assets	(3,230,000)	(3,291,000)
	<u> </u>	<u> </u>
Deficit in scheme	1,759,000	1,959,500
	<u> </u>	<u> </u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

27 Retirement benefit schemes

(Continued)

	2020 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 29 September 2019	5,250,500
Benefits paid	(224,000)
Actuarial gains and losses	(137,000)
Interest cost	99,500
	<hr/>
At 26 September 2020	4,989,000 <hr/>

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

	2020 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 29 September 2019	3,291,000
Interest income	63,000
Return on plan assets (excluding amounts included in net interest)	(122,000)
Benefits paid	(224,000)
Contributions by the employer	222,000
	<hr/>
At 26 September 2020	3,230,000 <hr/>

	2020 £	2019 £
<i>Fair value of plan assets at the reporting period end</i>		
Equities	1,873,400	1,975,000
Diversified Growth Funds	549,100	461,000
Fixed interest	581,400	591,000
Property	129,200	132,000
Cash	96,900	132,000
	<hr/>	<hr/>
	3,230,000	3,291,000 <hr/>

28 Retirement benefit schemes

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

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

28 Retirement benefit schemes

(Continued)

	2020	2019
	%	%
<i>Key assumptions</i>		
Discount rate	1.70	1.90
Expected rate of increase of pensions in payment	2.00/3.00	3.00/5.00
CPI inflation	2.00	2.20
Expected return on plan assets	1.90	2.80
	<u> </u>	<u> </u>
<i>Mortality assumptions</i>	2020	2019
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21.5	22.2
- Females	23.4	24.1
	<u> </u>	<u> </u>
	2020	2019
	£	£
<i>Amounts recognised in the profit and loss account</i>		
Net interest on defined benefit liability/(asset)	45,000	54,000
	<u> </u>	<u> </u>
	2020	2019
	£	£
<i>Amounts taken to other comprehensive income</i>		
Return on scheme assets excluding interest income	163,000	(104,000)
Actuarial changes related to obligations	(1,243,000)	677,000
	<u> </u>	<u> </u>
Total costs/(income)	(1,080,000)	573,000
	<u> </u>	<u> </u>
The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:		
	2020	2019
	£	£
Present value of defined benefit obligations	5,815,000	7,358,000
Fair value of plan assets	(4,742,000)	(5,025,000)
	<u> </u>	<u> </u>
Deficit in scheme	1,073,000	2,333,000
	<u> </u>	<u> </u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 26 SEPTEMBER 2020

28 Retirement benefit schemes

(Continued)

	2020 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 29 September 2019	7,358,000
Benefits paid	(440,000)
Actuarial gains and losses	(1,243,000)
Interest cost	140,000
	<hr/>
At 26 September 2020	5,815,000
	<hr/>

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

	2020 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 29 September 2019	5,025,000
Interest income	95,000
Return on plan assets (excluding amounts included in net interest)	(163,000)
Benefits paid	(440,000)
Contributions by the employer	225,000
	<hr/>
At 26 September 2020	4,742,000
	<hr/>

	2020 £	2019 £
<i>Fair value of plan assets at the reporting period end</i>		
Equities	2,228,740	2,613,000
Diversified Growth Funds	758,720	754,000
Fixed interest	1,043,240	1,005,000
Property	474,200	502,000
Cash	237,100	151,000
	<hr/>	<hr/>
	4,742,000	5,025,000
	<hr/>	<hr/>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

29 Other reserves

The balance within other reserves represented a merger reserve.

On 18 September 2020 the sum of £1,799,221 being the total of the merger reserve was capitalised via the issue of 1,799,221 ordinary shares of £1 each. The share capital of the company was then reduced by cancelling and extinguishing 1,799,221 Ordinary £1 shares.

30 Financial commitments, guarantees and contingent liabilities

The company is party to a cross guarantee in favour of HSBC UK Bank plc. As part of the cross composite guarantee between the companies under common control, a mortgage debenture exists which provides HSBC UK Bank plc with charges over all company assets, as security against its exposure to debt. The total liability under this guarantee across these companies is £8,898,590 (2019: £9,218,590).

The company is party to a cross guarantee in favour of HSBC UK Bank plc. As part of the cross composite guarantee between the group companies, an unlimited multilateral guarantee exists which provides HSBC UK Bank plc with charges over all company assets, as security against its exposure to debt. The total liability under this guarantee across these companies is £1,720,672 (2019: £nil).

31 Operating lease commitments

Lessee

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

	2020 £	2019 £
Within one year	1,256,839	1,100,741
Between two and five years	3,115,689	3,053,966
In over five years	4,927,766	4,294,447
	<u>9,300,294</u>	<u>8,449,154</u>

32 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	<u>1,836,760</u>	<u>-</u>

STONEGATE FARMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 26 SEPTEMBER 2020

33 Related party transactions

During the year the company made purchases of £591,675 (2019: £512,936) from the director and companies with common directors. At the year end a total of £513,456 (2019: £500,478) was due from companies with common directors, and a total of £157,658 (2019: £130,008) was due to companies with common directors. During the year, a bad debt expense of £705,138 (2019: £nil) was recognised in relation to the net amount due from companies under common control.

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

34 Directors' transactions

During the previous year the company paid personal expenses of £628 on behalf of a director. At 28 September 2019 £4,758 was due to the company by the director. This was fully repaid in the year leaving a balance at 26 September 2020 of £nil.

35 Ultimate controlling party

The immediate parent company was previously Stonegate Holdings Limited. On 18 September 2020 the entire share capital of the company was acquired by Gott Agri Holdings Limited.

Until December 2018 the ultimate parent company was Gott Agri Synergy Limited. In December 2018 a new holding company, Gott Agri Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, acquired all of the companies in the group. The largest and smallest group in which the results of the company are consolidated is that headed by Gott Agri Holdings Limited, registered office Lacock Green, Corsham Road, Lacock, Chippenham, Wiltshire, SN15 2LZ. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Cardiff.

The ultimate controlling party is Mr A D Gott.

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