

**HEYGATE GRAIN LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 28TH MARCH, 2009**

WEDNESDAY



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COMPANIES HOUSE

**HEYGATE GRAIN LIMITED**

**DIRECTORS**

P. M. Heygate  
A. R. Heygate

**SECRETARY**

A. C. Greene (Resigned 13th January, 2009)  
J.C. Saynor (Appointed 13th January, 2009)

**BANKERS**

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

**AUDITORS**

Clifford Roberts,  
Chartered Accountants,  
Pacioli House,  
9 Brookfield,  
Duncan Close,  
Moulton Park,  
Northampton.  
NN3 6WL

**REGISTERED OFFICE**

Bugbrooke Mills,  
Bugbrooke,  
Northampton.  
NN7 3QH

**COMPANY NUMBER**

1522607

## **HEYGATE GRAIN LIMITED**

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**HEYGATE GRAIN LIMITED**  
**OPERATING AND FINANCIAL REVIEW**  
**FOR THE YEAR ENDED 28TH MARCH, 2009**

## OVERVIEW

The company's operations comprise of the purchase of U.K. farmers' and merchants' grain for sale to group companies for processing at the Bugbrooke, Tring and Downham Market sites and for sale to third parties.

Increases in sales volumes and revenues, together with the falls in the price of U.K. produced grain, as expected, has resulted in the company returning to profitability. Changes in the market place and the continuing reduced price of UK produced grain should see the company maintaining its profitability over the coming financial year.

### Business objectives

The company has the main objective of sourcing and providing consistent good quality raw materials, at a competitive price, for animal feed and flour production within the Heygate Group as well as sale to third parties. There are a number of key factors which contribute to this:

1. The skill of the company's grain buyers in sourcing a reliable supply of consistent, quality, raw material at a competitive price.
2. The implementation of cost control initiatives to improve operational efficiency.

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

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

### Business strategy

It is the company's overall market strategy to continue to source quality UK produced grain, to satisfy the group's anticipated requirements, over a period of at least 18 months forward.

### Key Performance Indicators (KPIs)

|                       | 2009   | 2008     |
|-----------------------|--------|----------|
| Organic sales growth  | 21.75% | 63.70%   |
| Gross return on sales | 1.66%  | 0.30%    |
| Net return on sales   | 0.71%  | (0.71)%  |
| Return on net assets  | 26.12% | (28.84)% |
| Free cashflow         | £4.4m  | £(4.0)m  |

**HEYGATE GRAIN LIMITED**  
**OPERATING AND FINANCIAL REVIEW**  
**FOR THE YEAR ENDED 28TH MARCH, 2009**  
**(CONTINUED)**

**FINANCIAL REVIEW**

**The basis of reporting**

The results of the year ended 28th March, 2009 have been prepared according to United Kingdom Generally Accepted Accounting Practice (UK GAAP).

**Turnover**

The turnover for the year was £64,877,843 (2008 - £53,289,178) .

**Operating profit/(loss)**

There was a profit before taxation and non-recurring items of £462,665 (2008 - loss £376,486).

**Taxation**

A reconciliation of the total tax charged at the standard rate of corporation tax in the UK of 28% (2008 - 30%) is set out in note 5 to the financial statements.

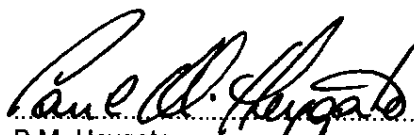
**Pensions**

The company's employees are members of a group pension scheme. The group operates two pension schemes; one a defined benefit and the other a defined contribution. The defined benefit scheme was closed to new members on 1st October, 2002. From 3rd April, 2005 the group adopted in full the provisions of FRS17, Retirement Benefits, the details of which are contained within the financial statements of the sponsoring company, Heygates Limited, and in the consolidated financial statements of Heygate & Sons Limited and its subsidiary companies.

**Balance sheet**

The year end shows net assets of £1,641,184 (2008 - £1,306,945) have increased by £334,239 (2008 - decrease £374,843).

This operating and financial review  
was approved by the board  
on 8th December, 2009  
and signed on its behalf by:

  
P.M. Heygate  
Chairman

**HEYGATE GRAIN LIMITED****DIRECTORS' REPORT**

The directors present their report and audited financial statements for the year ended 28th March, 2009.

**PRINCIPAL ACTIVITY**

The principal activity of the company continues to be the purchase of U.K. farmers' and merchants' grain for sale to group companies for processing at the Bugbrooke, Tring and Downham Market sites and for sale to third parties.

**RESULTS AND DIVIDENDS**

There was a profit on ordinary activities after taxation for the year amounting to £334,239 (2008 - loss £374,843). The directors have not recommended a dividend in respect of the year ended 28th March, 2009 and one was not paid in the period.

**REVIEW OF THE YEAR AND FUTURE DEVELOPMENTS**

Changes in the market place and the continuing price of U.K. produced grain should see the company maintaining its profitability over the coming financial year. The review of the year and future developments in relation to the company are dealt with in the operating and financial review on pages 1 and 2.

**DIRECTORS AND THEIR INTERESTS**

The directors in office during the year are listed below. Both served on the board throughout the year.

A.R. Heygate  
P.M. Heygate

The directors held no shares in the company during the year and there is no requirement for them to do so under the Memorandum and Articles of Association. However, the directors held shares in the parent company and in fellow subsidiaries at 28th March, 2009 and 30th March, 2008, as follows:

**At 28th March, 2009 and 30th March, 2008**

|              | Heygate and Sons Limited |                 |        |         |     | County   | Heygate  |
|--------------|--------------------------|-----------------|--------|---------|-----|----------|----------|
|              | Preference               | Ordinary Shares |        |         |     | Pride    | Farms    |
|              | Shares                   | A               | B      | C       | D   | Products | Swaffham |
|              | No.                      | No.             | No.    | No.     | No. | Limited  | Limited  |
|              |                          |                 |        |         |     | Ordinary | Shares   |
| A.R. Heygate | 7,878                    | 6,608           | 13,528 | 327,716 | -   | 666      | 8,716    |
| P.M. Heygate | 3                        | 6,608           | 13,528 | -       | -   | 666      | 8,716    |

The directors also held the following shares in the holding company, as principal trustees of family trusts, at 28th March, 2009 and 30th March, 2008, as follows:

**At 28th March, 2009 and 30th March, 2008**

|              | Heygate and Sons Limited |                 |         |         |        |
|--------------|--------------------------|-----------------|---------|---------|--------|
|              | Preference               | Ordinary Shares |         |         |        |
|              | Shares                   | A               | B       | C       | D      |
|              | No.                      | No.             | No.     | No.     | No.    |
| A.R. Heygate | -                        | 6,600           | 120,000 | -       | 7,568  |
| P.M. Heygate | 7,872                    | 6,600           | 58,126  | 327,716 | 10,234 |

## **HEYGATE GRAIN LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the 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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information, if any, included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

We, the directors of the company who held office at the date of approval of these financial statements as set out above, each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

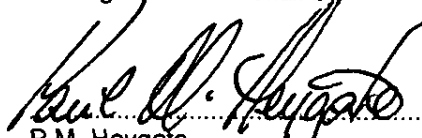
#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The company made no political or charitable contributions during the year or the previous year.

#### **AUDITORS**

A resolution in accordance with Section 385 of the Companies Act 1985 to re-appoint Clifford Roberts as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board  
on 8th December, 2009  
and signed on its behalf by:

  
P.M. Heygate  
Chairman

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**HEYGATE GRAIN LIMITED**

We have audited the financial statements of Heygate Grain Limited for the year ended 28th March, 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information in the Directors' Report includes that specific information presented in the Operating and Financial Review, that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

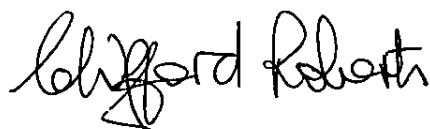
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF****HEYGATE GRAIN LIMITED****(CONTINUED)****Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28th March, 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**CLIFFORD ROBERTS**  
Chartered Accountants and  
Registered Auditors  
8th December, 2009

**Pacioli House,  
9 Brookfield,  
Duncan Close,  
Moulton Park,  
Northampton.  
NN3 6WL**

**HEYGATE GRAIN LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28TH MARCH, 2009**

|                                                             | Note | 2009<br>£           | 2008<br>£           |
|-------------------------------------------------------------|------|---------------------|---------------------|
| <b>Turnover</b>                                             | 2    | 64,877,843          | 53,289,178          |
| Cost of sales                                               |      | <u>(63,797,831)</u> | <u>(53,130,777)</u> |
| <b>Gross profit</b>                                         |      | 1,080,012           | 158,401             |
| Distribution costs                                          |      | 341,666             | 246,883             |
| Administrative expenses                                     |      | <u>275,681</u>      | <u>288,004</u>      |
|                                                             |      | <u>(617,347)</u>    | <u>(534,887)</u>    |
| <b>Profit/(loss) on ordinary activities before taxation</b> | 4    | 462,665             | (376,486)           |
| Tax on profit/(loss) on ordinary activities                 | 5    | <u>(128,426)</u>    | <u>1,643</u>        |
| <b>Profit/(loss) on ordinary activities after taxation</b>  | 12   | <u>£ 334,239</u>    | <u>£ (374,843)</u>  |

**Continuing operations**

None of the company's activities were acquired or discontinued during the above two financial years.

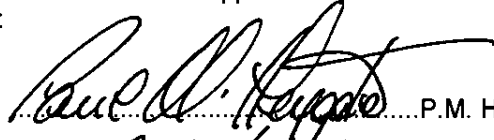
**Total recognised gains and losses**

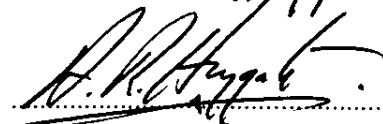
The company has no recognised gains or losses other than the profit/(loss) for the above two financial years.

**HEYGATE GRAIN LIMITED****BALANCE SHEET AT 28TH MARCH, 2009**

|                                                       | Note | 2009<br>£          | £                  | 2008<br>£          | £                  |
|-------------------------------------------------------|------|--------------------|--------------------|--------------------|--------------------|
| <b>Fixed assets</b>                                   |      |                    |                    |                    |                    |
| Tangible assets                                       | 6    |                    | 65,841             |                    | 74,693             |
| <b>Current assets</b>                                 |      |                    |                    |                    |                    |
| Stocks                                                | 7    | 3,187,539          |                    | 4,788,874          |                    |
| Debtors: amounts falling due within one year          | 8    | 596,255            |                    | 4,120,645          |                    |
| Cash at bank                                          |      | <u>3,642,305</u>   |                    | <u>-</u>           |                    |
|                                                       |      | 7,426,099          |                    | 8,909,519          |                    |
| <b>Creditors: amounts falling due within one year</b> | 9    | <u>(5,839,144)</u> |                    | <u>(7,663,910)</u> |                    |
| <b>Net current assets</b>                             |      |                    | <u>1,586,955</u>   |                    | <u>1,245,609</u>   |
| <b>Total assets less current liabilities</b>          |      |                    | 1,652,796          |                    | 1,320,302          |
| <b>Provision for liabilities and charges</b>          |      |                    |                    |                    |                    |
| Deferred taxation                                     | 10   |                    | (11,612)           |                    | (13,357)           |
| <b>Net assets</b>                                     |      |                    | <u>£ 1,641,184</u> |                    | <u>£ 1,306,945</u> |
| <b>Capital and reserves</b>                           |      |                    |                    |                    |                    |
| Called up share capital                               | 11   |                    | 19,945             |                    | 19,945             |
| Share premium account                                 |      |                    | 76,005             |                    | 76,005             |
| Profit and loss account                               | 12   |                    | <u>1,545,234</u>   |                    | <u>1,210,995</u>   |
| <b>Shareholders' funds</b>                            | 13   |                    | <u>£ 1,641,184</u> |                    | <u>£ 1,306,945</u> |

These financial statements were approved by the Board on 8th December, 2009 and were signed on its behalf by:

 P.M. Heygate

 A.R. Heygate

)  
)  
) Directors  
)  
)

## **HEYGATE GRAIN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH MARCH, 2009**

#### **1. ACCOUNTING POLICIES**

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention on a basis consistent with prior years and in accordance with applicable Accounting Standards in the United Kingdom.

##### **Cashflow statement**

The company has taken advantage of the provisions of FRS 1 "Cash flow statements", whereby it is exempt from producing a cashflow statement as it is a wholly-owned subsidiary of a company whose consolidated financial statements are publicly available.

##### **Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:-

|                     |   |                       |
|---------------------|---|-----------------------|
| Leasehold buildings | : | 10% and 3% per annum  |
| Plant and machinery | : | 25% and 10% per annum |

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value and comprise purchases for resale. Purchases for resale are valued at cost price, calculated on a first in first out basis. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

##### **Deferred taxation**

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements and has been provided for, on the liability basis, in full. Transfers to and from deferred taxation are calculated at the rate of corporation tax that it is estimated will be in force when the timing differences reverse.

##### **Pension and post employment benefits**

In accordance with "FRS 17 - Retirement benefits", the operating and financing costs of pension and post-retirement schemes are recognised separately in the profit and loss account. 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 costs 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 total recognised gains and losses.

The disclosures required by FRS 17 "Retirement benefits" are given in note 18 to the financial statements.

Both of the directors, who are not members of the group scheme, are members of a small self-administered money purchase scheme. The pension cost for the year is the amount paid into the scheme during the accounting period.

#### **2. TURNOVER**

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax. Turnover is recognised upon evidence of delivery.

The turnover and pretax profit is wholly attributable to the merchanting and handling of grain within the United Kingdom.

**HEYGATE GRAIN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH MARCH, 2009****3. STAFF COSTS**

|                       | 2009            | 2008            |
|-----------------------|-----------------|-----------------|
|                       | £               | £               |
| Wages and salaries    | 83,125          | 74,136          |
| Social security costs | 9,849           | 7,837           |
| Other pension costs   | 5,519           | 5,204           |
|                       | <u>£ 98,493</u> | <u>£ 87,177</u> |

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

|                      | No.      | No.      |
|----------------------|----------|----------|
| Handling and storage | <u>3</u> | <u>3</u> |

**4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

|                                       | 2009         | 2008         |
|---------------------------------------|--------------|--------------|
|                                       | £            | £            |
| <b>This is stated after charging:</b> |              |              |
| Auditors' remuneration                | 19,500       | 19,000       |
| Depreciation                          | 8,852        | 11,137       |
| Rent of buildings                     | <u>9,500</u> | <u>9,500</u> |

**5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

|                                                                                                                     | 2009             | 2008             |
|---------------------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                                     | £                | £                |
| <b>(a) Analysis of tax charge in the period</b>                                                                     |                  |                  |
| <b>Current tax</b>                                                                                                  |                  |                  |
| UK corporation tax on profit/(loss) for the year                                                                    | 130,171          | -                |
| Deferred tax movement                                                                                               | <u>(1,745)</u>   | <u>(1,643)</u>   |
|                                                                                                                     | <u>£ 128,426</u> | <u>£ (1,643)</u> |
| <b>(b) Factors affecting the tax charge for the period</b>                                                          |                  |                  |
|                                                                                                                     | 2009             | 2008             |
|                                                                                                                     | £                | £                |
| Profit/(loss) on ordinary activities before tax                                                                     | <u>462,665</u>   | <u>(376,486)</u> |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the U.K. of 28% (2008 - 30%) | 129,546          | (112,946)        |
| Effects of:                                                                                                         |                  |                  |
| Depreciation in excess of capital allowances                                                                        | 625              | 775              |
| Losses surrendered under group relief                                                                               | <u>-</u>         | <u>112,171</u>   |
| Current tax charge for period                                                                                       | <u>£ 130,171</u> | <u>£ -</u>       |

**HEYGATE GRAIN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH MARCH, 2009****6. TANGIBLE FIXED ASSETS**

|                         | <b>Short<br/>leasehold<br/>buildings</b> | <b>Plant and<br/>machinery</b> | <b>Total</b>     |
|-------------------------|------------------------------------------|--------------------------------|------------------|
|                         | <b>£</b>                                 | <b>£</b>                       | <b>£</b>         |
| <b>Cost:</b>            |                                          |                                |                  |
| At 30th March, 2008     | 226,488                                  | 581,998                        | 808,486          |
| Additions               | -                                        | -                              | -                |
| Disposals               | -                                        | -                              | -                |
| At 28th March, 2009     | <u>£ 226,488</u>                         | <u>£ 581,998</u>               | <u>£ 808,486</u> |
| <b>Depreciation:</b>    |                                          |                                |                  |
| At 30th March, 2008     | 159,051                                  | 574,742                        | 733,793          |
| Charge for the year     | 6,184                                    | 2,668                          | 8,852            |
| Disposals               | -                                        | -                              | -                |
| At 28th March, 2009     | <u>£ 165,235</u>                         | <u>£ 577,410</u>               | <u>£ 742,645</u> |
| <b>Net book amount:</b> |                                          |                                |                  |
| At 28th March, 2009     | <u>£ 61,253</u>                          | <u>£ 4,588</u>                 | <u>£ 65,841</u>  |
| At 29th March, 2008     | <u>£ 67,437</u>                          | <u>£ 7,256</u>                 | <u>£ 74,693</u>  |

**7. STOCKS**

|                      | <b>2009<br/>£</b> | <b>2008<br/>£</b> |
|----------------------|-------------------|-------------------|
| Purchases for resale | <u>3,187,539</u>  | <u>4,788,874</u>  |

**8. DEBTORS****Amounts falling due within one year:**

|                                                                              | <b>2009<br/>£</b> | <b>2008<br/>£</b>  |
|------------------------------------------------------------------------------|-------------------|--------------------|
| Trade debtors                                                                | 461,296           | 313,729            |
| Amounts due from group companies:<br>Holding company and fellow subsidiaries | <u>134,959</u>    | <u>3,806,916</u>   |
|                                                                              | <u>£ 596,255</u>  | <u>£ 4,120,645</u> |

**9. CREDITORS****Amounts falling due within one year:**

|                                                                            | <b>2009<br/>£</b>  | <b>2008<br/>£</b>  |
|----------------------------------------------------------------------------|--------------------|--------------------|
| Bank overdraft                                                             | -                  | 748,803            |
| Trade creditors                                                            | 4,327,833          | 6,748,919          |
| Amounts due to group companies:<br>Holding company and fellow subsidiaries | <u>1,381,140</u>   | <u>166,188</u>     |
| Corporation tax                                                            | <u>130,171</u>     | -                  |
|                                                                            | <u>£ 5,839,144</u> | <u>£ 7,663,910</u> |

**HEYGATE GRAIN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH MARCH, 2009****10. DEFERRED TAXATION**

|                                       | <b>2009</b>     | <b>2008</b>     |
|---------------------------------------|-----------------|-----------------|
|                                       | <b>£</b>        | <b>£</b>        |
| <b>Accelerated capital allowances</b> |                 |                 |
| Balance at 30th March, 2008           | 13,357          | 15,000          |
| Transfer to profit and loss account   | <u>(1,745)</u>  | <u>(1,643)</u>  |
| Balance at 28th March, 2009           | <u>£ 11,612</u> | <u>£ 13,357</u> |

**11. SHARE CAPITAL**

|                            | <b>Authorised<br/>2009 and 2008</b> | <b>Allotted, called up<br/>and fully paid<br/>2009 and 2008</b> |
|----------------------------|-------------------------------------|-----------------------------------------------------------------|
|                            | <b>£</b>                            | <b>£</b>                                                        |
| <b>Equity shares</b>       |                                     |                                                                 |
| Ordinary shares of £1 each | <u>20,000</u>                       | <u>19,945</u>                                                   |

**12. RESERVES**

|                                | <b>2009</b>        |
|--------------------------------|--------------------|
|                                | <b>£</b>           |
| <b>Profit and loss account</b> |                    |
| At 30th March, 2008            | 1,210,995          |
| Retained profit for year       | <u>334,239</u>     |
| At 28th March, 2009            | <u>£ 1,545,234</u> |

**13. SHAREHOLDERS' FUNDS****Reconciliation of movements in shareholders' funds:**

|                                                     | <b>2009</b>        | <b>2008</b>        |
|-----------------------------------------------------|--------------------|--------------------|
|                                                     | <b>£</b>           | <b>£</b>           |
| Profit/(loss) on ordinary activities after taxation | 334,239            | (374,843)          |
| Opening shareholders' funds at 30th March, 2008     | <u>1,306,945</u>   | <u>1,681,788</u>   |
| Closing shareholders' funds at 28th March, 2009     | <u>£ 1,641,184</u> | <u>£ 1,306,945</u> |

**14. CAPITAL COMMITMENTS**

There were no capital commitments at 28th March, 2009 or 29th March, 2008.

**15. OTHER FINANCIAL COMMITMENTS**

At 28th March, 2009 the company had minimum annual commitments under non-cancellable operating leases as follows:-

|                                                       | <b>2009</b>  | <b>2008</b>  |
|-------------------------------------------------------|--------------|--------------|
|                                                       | <b>£</b>     | <b>£</b>     |
| Leases in respect of land and buildings which expire: |              |              |
| After more than five years                            | <u>9,500</u> | <u>9,500</u> |

## **HEYGATE GRAIN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH MARCH, 2009**

#### **16. CONTINGENT LIABILITIES**

There is a contingent liability in respect of a multilateral guarantee, dated 4th October, 1991, covering the bank balances of the company, Heygate and Sons Limited and its subsidiaries, as follows:

|                                         |                                |
|-----------------------------------------|--------------------------------|
| Heygates Limited                        | County Pride Products Limited  |
| The Heygate Engineering Company Limited | Heygate Farms Swaffham Limited |
| Fine Lady Bakeries Limited              | Millstream investments Limited |

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

|                                         |                                   |
|-----------------------------------------|-----------------------------------|
| Heygates Limited                        | F.A. Bird (Downham Mills) Limited |
| The Heygate Engineering Company Limited | Heygate Farms Swaffham Limited    |
| Fine Lady Bakeries Limited              | Millstream Investments Limited    |
| County Pride Products Limited           | Warburton Estate Company Limited  |
| Heygate Leasing Limited                 |                                   |

The maximum amount payable was the net overdraft of the group at 28th March, 2009.

#### **17. ULTIMATE HOLDING COMPANY**

The directors consider that the ultimate holding company is its parent company, Heygate and Sons Limited, which is registered in England.

#### **18. PENSION ARRANGEMENTS**

The long-serving employees of the company, with the exception of the two 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 current members, and this scheme was closed to new members on 1st October, 2002.

For all employees starting employment since 2nd October, 2002, the company has a separate plan within the scheme which provides defined contribution benefits. The assets of the scheme are held in trustee administered funds separate from the company's assets.

The total pension cost for the company for the year was £5,519 (2008- £5,204).

The level of contributions to the 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 account 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, 2008.

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.

The disclosures required under FRS17 are contained within the financial statements of the sponsoring company of the scheme, Heygates Limited (a wholly owned subsidiary of Heygate and Sons Limited), and in the group financial statements of Heygate and Sons Limited and its subsidiary companies.

**HEYGATE GRAIN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH MARCH, 2009****19. RELATED PARTY DISCLOSURES****Ultimate controlling party**

The directors consider that the ultimate controlling party of the company is its parent company, Heygate and Sons Limited, which owns 100% of the voting issued share capital. Heygate and Sons Limited has a controlling nucleus of directors: Mr. A.R. Heygate and Mr. P.M. 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.

Mrs. D. Haines, sister of Mr. P.M. Heygate and cousin of Mr. A.R. 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.

**Related party transactions**

During the year the company paid rents for land and buildings to Heygate and Sons (Estates), a related entity in which Mr. A.R. Heygate, Mr. P.M. Heygate and Mrs. D. Haines are participators, in the sum of £9,500 (2008 - £9,500). All rentals charged to the company were on an arm's length commercial basis.

During the year the company purchased grain from Heygate and Sons (Farmers), a partnership in which Mr. A.R. Heygate, Mr. P.M. Heygate and Mrs. D. Haines are partners, in the sum of £498,563 (2008 - £486,840). The company also purchased administration services from a fellow, wholly-owned subsidiary, in the sum of £187,824 (2008 - £198,536). These transactions were undertaken at arm's length on normal commercial terms.

**Balances due to/from related parties**

At 28th March, 2009 there were the following balances outstanding with other group companies:

Included in debtors: amounts falling due within one year:

|                              | 2009<br>£      | 2008<br>£     |
|------------------------------|----------------|---------------|
| Due from fellow subsidiaries | -              | 3,762,107     |
| Due from holding company     | <u>134,959</u> | <u>44,809</u> |

At 28th March, 2009 there were the following balances owing to group companies and other related entities:

Included in creditors: amounts falling due within one year:

|                            | 2009<br>£        | 2008<br>£      |
|----------------------------|------------------|----------------|
| Due to fellow subsidiaries | <u>1,381,140</u> | <u>166,188</u> |

The directors have taken advantage of the exemption contained in Financial Reporting Standard 8 "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 & Sons Limited.