

The Heygate Group of Companies

Tax Strategy

Scope

This strategy applies to the group of companies headed by Heygate & Sons Limited in accordance with paragraphs 19 and 25 Schedule 19 to the Finance Act 2016. A list of the entities to which it applies is set out below. In this strategy, references to 'Heygate & Sons Limited', 'Heygates', or 'the Group' are intended to apply to all these entities. The strategy has been published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation of which the Group has legal responsibilities.

Aim

Heygates is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The group's tax affairs are managed in a way which takes into account the group's wider corporate reputation in line with Heygates' overall high standards of governance.

Governance in relation to UK taxation

- Ultimate responsibility for Heygates' tax strategy and compliance rests with the Board of Heygate & Sons Limited;
- The Group Financial Controller ('GFC') is the Board member with executive responsibility for tax matters;
- Day-to-day management of Heygates tax affairs is delegated to the Accounts team, who report to the GFC;
- The Accounts team's requirement to monitor the integrity of Heygates' financial reporting system, internal controls and risk management framework, expressly include those elements relating to taxation;
- The Accounts team is staffed with appropriately qualified individuals;
- The Board ensures that Heygates' tax strategy is one of the factors considered in all investments and significant business decisions taken;

Risk Management

- Heygates operate a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the group's financial reporting system;
- Heygates seek to reduce the level of tax risk arising from its operations as far is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;
- Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may have an impact and changes to processes or controls are made when required;
- Advice is sought from external advisors on a regular basis.

Attitude towards tax planning and level of risk

Heygates manages risk to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax in full when it falls due.

When entering into commercial transactions, Heygates seek to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legalisation. Heygates does not undertake tax planning unrelated to such commercial transactions.

The level of risk which Heygates accept in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs. At all times, Heygates seek to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

Heygates seek to have a compliant and transparent relationship with HMRC in respect of developments in Heygates' business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

Heygates ensure that external advisors are kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. HMRC are kept informed as required.

When submitting tax computations and returns to HMRC, Heygates disclose all relevant facts and identifies any transactions or issues where it considers that there maybe potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

Tax Principles

1) Compliance

The Group will:

- Fulfil statutory requirements to make returns and payments to the tax authorities within relevant statutory time limits;
- Adopt an open and honest approach with the relevant authorities;
- Ensure that processes are sufficiently robust to manage effectively areas of tax risk;
- Ensure that tax disclosures are in accordance with relevant UK accounting standards and Company law; and
- Ensure that business processes enable the clarity of information to appropriately support claims for allowances.

2) Transparency

We support a relationship with tax authorities, based upon mutual trust and respect which will enable constructive dialogue and responsiveness by all parties in order to fulfil our responsibilities.

List of entities covered by this Tax Strategy

- Heygate & Sons Limited
- Chiltern Bakeries Limited
- County Pride Products Limited
- F. A. Bird (Downham Mills) Limited
- Fine Lady Bakeries Limited
- Heygate Animal Feeds Limited
- Heygate Farms Swaffham Limited
- Heygate Grain Limited
- Heygate Leasing Limited
- Heygates Country Feeds Limited
- Heygates Limited
- Millstream Investments Limited
- The Heygate Engineering Company Limited
- Warburton Estate Company Limited