

Company Registration No. 00019739

PIC Fyfield Limited

Annual Report and Financial Statements

For the year ended 30 June 2016

WEDNESDAY



A61RP18O

A19

08/03/2017

#82

COMPANIES HOUSE

PIC Fyfield Limited

Report and financial statements 2016

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	5
Independent auditor's report	6
Comprehensive income statement	8
Statement of comprehensive income	8
Statement of changes in equity	9
Balance Sheet	10
Notes to the financial statements	11

PIC Fyfield Limited

Officers and professional advisors

Directors

K Bitar
D Noonan
S Wilson

Company Secretary

C Crichton

Registered office

Matrix House
Basing View
Basingstoke
Hampshire
RG21 4DZ

Bankers

Barclays Bank PLC
51 Mosley Street
Manchester
M60 2AU

Auditor

Deloitte LLP
Chartered Accountant and Statutory Auditor
2 New Street Square
London, EC4A 3BZ
United Kingdom

PIC Fyfield Limited

Strategic report

Business review and principal activities

The company acts as an investment holding company and provides management services to fellow group undertakings.

Results and future prospects

The results for the period are set out on page 8.

The directors consider the profit achieved on ordinary activities before taxation of £5.2m (2015: £18.2m) and the state of affairs of the Company to be satisfactory, given the economic climate. The Directors remain confident about the company's future performances, which are further encouraged by the post year end performance of the group.

Activities

The principal activity of the Company is to continue as a holding company providing management services to fellow group undertakings.

- Profit before tax decreased by £13.0m to £5.2m for the year ended 30 June 2016 (2015: £18.2m)
- Net assets including pension liabilities increased from £234.0m in 2015 to £239.5m in 2016

Key performance indicators, risks and uncertainties

The directors consider the key performance indicator to be the carrying value of the investments. An assessment of impairment is undertaken where there are possible indicators of impairment, and on an annual basis.

The wider group are affected by the following risks to which all group entities including PIC Fyfield Limited bear an indirect risk. The group and company are subject to foreign exchange risk, interest risk and the risk of the underlying trading performance of its subsidiary undertakings.

These risk are managed by the Group's Corporate Treasury function which provides services to the Company, co-ordinates our access to domestic and international financial markets, and monitors and manages the financial risks relating to the Company's operations, through internal risk reports that analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

We seek to minimise the effects of these risks by hedging them using derivative financial instruments. Our use of financial derivatives is governed by policies approved by the Board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Board of directors regularly reviews our compliance with policies and exposure limits. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Product development and competitive edge

The key risk is the development programme fails to produce best genetics for customers and increased competition in the market reduces market share and margins.

We have dedicated teams within the Genus Group who align our product development to customer requirements, while our technical services help customers to make best use of our products. We frequently measure our performance against competitors in customers' systems to ensure the value added by our genetics remains competitive.

PIC Fyfield Limited

Strategic report

Biosecurity and continuity of supply

The key risks are loss of key livestock, owing to disease outbreak, the loss of ability to move animals or semen freely (including across borders) due to disease outbreak, environmental incident or international trade sanctions. Industry-wide disease outbreaks affecting demand for Genus products.

We have stringent biosecurity standards, with independent reviews throughout the year to ensure compliance. Within the Genus Group we continue to extend the geographical diversity of our production facilities, to avoid over-reliance on single sites.

Intellectual Property Protection

Genus-developed genetic material, methods and technology could become freely available to third parties. We have a global, cross-functional process to identify and protect our intellectual property. Our customer contracts and our selection of multipliers and joint venture partners include appropriate measures to protect our intellectual property.

Human Resources

The key risk is a failure to attract or retain skills and experience within our executive, management and employee cohorts.

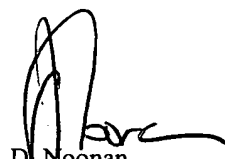
We manage our talent risk through comprehensive people plans, covering recruitment, performance management, reward, succession planning, communication and engagement.

Going concern

The company's business activities are detailed above. Liquidity is managed at group level using long term group bank facilities.

Having considered the current uncertain economic environment as well as the group support available, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board and signed on its behalf by:



D. Noonan

Director

12 December 2016

PIC Fyfield Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2016.

Business review and principal activities

The company acts as an investment holding company and provides management services to fellow group undertakings.

Financial risk management and R&D activities have been discussed within the Strategic Report.

Results and dividends

The results for the period are set out on page 8.

The directors recommend the payment of a final dividend of £nil (2015: £30,000,000).

The directors who served on the board during the year and to the date of this report, are stated on page 1.

Future developments

The directors expect the general level of activity to remain consistent with 2016 in the forthcoming year. This is as a result of a similar level of activity expected during the year.

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Impact of FRS 102 on the financial statements


The financial statements for the year ended 30 June 2016 are the first to be produced under Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). For further details, please see note 17.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The financial statements are prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.



D Noonan
Director
12 December 2016

PIC Fyfield Limited

Directors' responsibilities statement

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 that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of PIC Fyfield Limited

We have audited the financial statements of PIC Fyfield Limited for the year ended 30 June 2016 which comprise as the Income Statement, the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

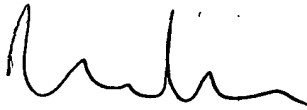
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of PIC Fyfield Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime



Richard Howe FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

12 December 2016

PIC Fyfield Limited

Income Statement For the year ended 30 June 2016

	Notes	2016 £'000	2015 £'000 (restated)
Turnover	2	232	173
Staff costs	4	(311)	(285)
Other operating expenses		(37)	1
Release of unutilised property provision		-	163
Operating (loss)/profit	3	(116)	52
Amounts written off investments/balances		(455)	(129)
Net finance income	5	5,752	8,324
Income from fixed asset investments		-	10,000
Profit on ordinary activities before taxation		5,181	18,247
Tax credit on profit on ordinary activities	6	340	371
Profit for the financial year		5,521	18,618

Statement of comprehensive income For the year ended 30 June 2016

Profit for the financial year		5,521	18,618
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Actuarial gains relating to retirement benefits (gross)	11	60	39
Tax relating to components of other comprehensive income		(12)	-
Total comprehensive income for the financial year		5,569	18,657

All amounts derive from continuing operations.

PIC Fyfield Limited

Statement of changes in equity For the year ended 30 June 2016

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000 (restated)	Total equity £'000
At 1 July 2014 (previously reported)	150,000	7,277	88,020	245,297
Actuarial gain on retirement benefit (net of tax) see note 11	-	-	39	39
Other comprehensive income for the year	-	-	39	39
Profit for the year	-	-	18,618	18,618
Total comprehensive income for the financial year	-	-	18,657	18,657
Dividend (see note 12)	-	-	(30,000)	(30,000)
At 30 June 2015 (as restated)	150,000	7,277	76,677	233,954
Actuarial gain on retirement benefit (net of tax) see note 11	-	-	48	48
Other comprehensive income for the year	-	-	48	48
Profit for the year	-	-	5,521	5,521
Total comprehensive income for the financial year	-	-	5,569	5,569
At 30 June 2016	150,000	7,277	82,246	239,523

PIC Fyfield Limited

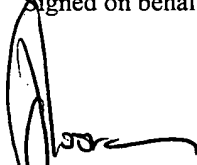
Balance Sheet As at 30 June 2016

	Notes	2016 £'000	2015 £'000 (restated)
Fixed assets			
Investment in group undertakings	7	322,572	322,572
Current assets			
Debtors	8	17,067	4,206
Cash at bank and in hand		89	16
		<u>17,156</u>	<u>4,222</u>
Creditors: amounts falling due within one year	10	<u>(94,131)</u>	<u>(87,268)</u>
Net current liabilities		<u>(76,975)</u>	<u>(83,066)</u>
Total assets less current liabilities		<u>245,597</u>	<u>239,506</u>
Creditors: amounts falling due after one year			
Amounts owed to subsidiary undertakings		(4,155)	(3,542)
Provisions for liabilities and charges	11	<u>(1,919)</u>	<u>(2,030)</u>
Net assets excluding pension liabilities		<u>239,523</u>	<u>233,954</u>
Pension liabilities	13	-	-
Net assets including pension liabilities		<u>239,523</u>	<u>233,954</u>
Capital and reserves			
Called up share capital	12	150,000	150,000
Capital redemption reserve		7,277	7,277
Retained earnings		<u>82,246</u>	<u>76,677</u>
Total shareholder's funds		<u>239,523</u>	<u>233,954</u>

These financial statements for PIC Fyfield Limited (company registration number 00019739) were approved by the Board of Directors and authorised for issue on 12 December 2016.

The financial statements are prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Signed on behalf of the Board of Directors



P Noonan
Director

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

PIC Fyfield Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The prior year financial statements were restated for adjustments on adoption of FRS 102 in the current year. For more information see note 17.

The functional and presentational currency of PIC Fyfield Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

PIC Fyfield Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel, exposure to financial risks and financial assets and liabilities defined as financial instruments.

Going concern

The company's business activities are detailed in the Directors' Report. Having considered the uncertainties in the current economic environment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Consolidation

The Income Statement and Balance Sheet are those of the company. Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Genus plc, a company incorporated in the United Kingdom (see note 15) whose consolidated accounts can be obtained from www.genusplc.com. The company has taken advantage of the exemption from the requirement to produce consolidated financial statements in accordance with Section 400 of the Companies Act 2006.

Turnover

Turnover comprises of management expenses charged to group undertakings, excluding VAT.

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment in value.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

1. Accounting policies (continued)

Taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Pensions

The company is a member of the Dalgety Pension Fund (DPF), which is a funded defined benefit scheme providing benefits based on final pensionable salary. The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Income Statement if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

1. Accounting policies (continued)

Pensions continued

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the Balance Sheet. Pension assets are recognised to the extent to which a surplus is regarded as recoverable.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

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

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

1. Accounting policies (continued)

Financial Instruments continued

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Provisions

A provision is recognised when group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are discounted to present value.

Employee Benefits

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 6 months. The provision is measured at the salary cost payable for the period of absence.

Critical accounting judgements and key sources of estimation uncertainty

In the application of PIC Fyfield's Limited accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Company's accounting policies

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Management services were carried out during the year to other group companies. These services were carried out throughout the whole year and were recognised in line with the Company's general policy of recognising revenue when goods are delivered/services provided.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods/provision of services set out in FRS 102 Section 23 *Revenue* and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. The directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

1. Accounting policies (continued)

Key source of estimation uncertainty - impairment of Investments

Determining whether Investments are impaired requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

2. Turnover

All turnover originates in the United Kingdom and relates to charges for management services provided to fellow group undertakings. The split of turnover by geographic destination is as follows:

	2016 £'000	2015 £'000
United Kingdom	232	173

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is calculated after charging:

	2016 £'000	2015 £'000
Foreign exchange loss/(gain)	930	(716)
Operating lease rentals	5	-
Auditor's remuneration – audit fees	1	1

4. Directors and employees

The average number of persons employed by the company during the year was two (2015: two).

The costs incurred in respect of these employees were:

	2016 £'000	2015 £'000
Wages and salaries	259	239
Social security costs	32	27
Other pension cost	20	19
	311	285

The emoluments of the directors were as follows:

	2016 £'000	2015 £'000
Wages and salaries	161	133
Pension costs	15	14
	176	147

The emoluments of the highest paid director were £176,000 (2015: £147,000) including pension costs of £15,000 (2015: £14,000).

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

4. Directors and employees (continued)

The remuneration of the other two directors (2015: two) has been borne by the ultimate parent company, Genus plc, in both the current and preceding period. The directors' emoluments for their services to the group are shown in the financial statements of Genus plc. The allocation for their services to the company is £nil (2015: £nil).

The company has certain obligations in relation to unfunded pension obligations of former directors of the company. Details regarding the provision made are disclosed in note 11. A total of £50,000 (2015: £50,000) was paid to former directors under this scheme during the period.

There are no directors for whom retirement benefits are accruing under the Dalgety Pension Fund (2015: £nil).

5. Net finance income

	2016 £'000	2015 £'000
Interest payable and similar charges:		
Foreign exchange losses on third party and intra group balances	(930)	-
Interest payable to group undertakings	(96)	(102)
Interest receivable and similar income:		
Interest receivable by group undertakings	6,858	7,800
Foreign exchange gains on third party and intra group balances	-	716
Other finance charges:		
Unwind discount on provisions (see note 11)	(80)	(90)
Net finance income	<u>5,752</u>	<u>8,324</u>

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

6. Tax credit on profit on ordinary activities

	2016 £'000	2015 £'000
UK corporation tax	58	306
Adjustments in respect of prior periods	422	160
Current tax credit on income for the year	480	466
Deferred taxation:		
Origination and reversal of timing differences in the year	(11)	(103)
Prior year adjustment	(69)	4
Effect of change in tax rate	(60)	4
Total deferred tax	(140)	(95)
Total tax credit on ordinary activities for the year	340	371
Total current and deferred tax relating to items of other comprehensive income	(12)	-
	328	371

Factors affecting tax credit for the year

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £'000	2015 £'000 (restated)
Profit on ordinary activities before taxation	5,181	18,247
Tax on profit on ordinary activities at standard UK corporation tax rate at 20.00% (2015: 20.75%) on profit on ordinary activities	1,036	3,787
Effects of:		
- Non deductible expenses	90	(304)
- Non taxable income received	-	(2,075)
- Adjustment in respect of prior year	(352)	(164)
- Change in rate of tax	60	4
- Debt cap exemption	(1,174)	(1,619)
Total tax credit on ordinary activities for the year	(340)	(371)

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact further reductions in the main tax rate down to 17% effective from 1 April 2020. As this tax rate was not substantively enacted at the balance sheet date, the relevant rate reduction is not yet reflected in these financial statements in accordance with FRS 102 Section 32, as it is a non-adjusting event occurring after the reporting period.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

7. Fixed asset investments

	Equity £'000	Loans £'000	Total £'000
Cost			
At 1 July 2015	245,961	207,789	453,750
At 30 June 2016	245,961	207,789	453,750
Impairments			
At 1 July 2015	131,178	-	131,178
At 30 June 2016	131,178	-	131,178
At 30 June 2016	114,783	207,789	322,572
At 30 June 2015	114,783	207,789	322,572

The company's direct subsidiaries and associates at 30 June 2016 were as follows:

Name of undertaking – Pig breeding business	Country of incorporation	Direct/indirect Group interest	% of share capital/voting rights held by Group companies
Agricola PIC Andina Limitada	Chile	Indirect	100%
Humei Pig Improvement Company	China	Indirect	50%*
HY-CO Hybridschweine-Cooperations GmbH	Germany	Indirect	50%*
PIC Andina S.A.	Chile	Indirect	100%
PIC Andina Venezuela S.A.	Venezuela	Indirect	100%
PIC France SA	France	Indirect	100%
PIC Genetics LLC	Russia	Indirect	100%
PIC Italia S.r.l.	Italy	Indirect	50%
PIC Philippines, Inc.	Philippines	Indirect	99.9%*
PIC Polska Sp. z o.o.	Poland	Indirect	100%
PIC Romania S.R.L.	Romania	Indirect	100%
PIC (Zhangjiagang) Pig Improvement Co., Ltd.	China	Indirect	100%
PIG Datendienst GmbH	Germany	Indirect	50%*
PIG Improvement Company Deutschland GmbH	Germany	Indirect	100%
Pig Improvement Company España, S.A.	Spain	Direct	100%
Pig Improvement Company UK Limited	United Kingdom	Direct	100%
Pigtales Limited	United Kingdom	Direct	100%
Reprodutores PIC, Lda	Portugal	Indirect	100%
Shaanxi PIC Pig Improvement Co., Ltd.	China	Indirect	100%
Xianyang Yongxiang Agriculture Technology Co., Ltd.	China	Indirect	49%*

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

7. Fixed asset investments (continued)

Name of undertaking – other non trading	Country of incorporation	Direct/indirect Group interest	% of share capital/voting rights held by Group companies
Agence Spillers N.V.	Belgium	Indirect	100%
Bellapais Farm Limited	Cyprus	Indirect	34.1%*
Bellapais Hatcheries Limited	Cyprus	Indirect	34.1%*
Brazilian Holdings Limited	United Kingdom	Direct	100%
DalcoExportadora Ltda.	Brazil	Indirect	100%
Dalgety Pension Trust Limited	United Kingdom	Indirect	100%
Fyfield (SM) Limited	United Kingdom	Indirect	100%
Fyfield Dormant	United Kingdom	Indirect	100%
Fyfield Holland B.V.	Netherlands	Direct	100%
Fyfield Ireland Limited	Ireland	Indirect	100%
National Pig Development Company Limited	United Kingdom	Indirect	100%
PIC (UK) Limited	United Kingdom	Direct	100%
PIC Benelux B.V.	Netherlands	Indirect	100%
Pig Improvement Company Far East Limited	China	Indirect	100%
Pig Improvement Company Overseas Limited	United Kingdom	Direct	100%
Spillers Limited	UK	Direct	100%
Spillers Overseas Limited	UK	Indirect	100%
Spratts GmbH	Germany	Indirect	100%
SyAqua Mexico S. de R.L. de C.V.	Mexico	Indirect	100%
Sygen Investimentos Ltda.	Brazil	Direct	100%
Usicafé SA	Switzerland	Indirect	100%

In the opinion of the directors the aggregate value of the investments in the company's subsidiaries is not less than the aggregate amount at which those assets are stated in the Balance Sheet. All are wholly owned and incorporated and operate in the UK, unless otherwise indicated.

*All types of shares held in investments are ordinary share capital.

During the year the company received interest of £6,858k (2015: £7,800k) from Genus plc.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

8. Debtors

Amounts falling due within one year:

	2016 £'000	2015 £'000
Amounts owed by subsidiary undertakings	16,306	3,327
Other debtors	218	184
Deferred tax asset (note 9)	543	695
	<u>17,067</u>	<u>4,206</u>

9. Deferred tax

The company's deferred tax position may be analysed as follows:

	Deferred tax asset recognised in accounts	
	2016 £'000	2015 £'000
Included in debtors (note 8)	<u>541</u>	<u>695</u>

Movement on deferred tax

	Total £'000
Opening deferred tax asset	695
Current year charge to the Income Statement	(71)
Prior year adjustment	(69)
Movement in statement of recognised gains and losses	(12)
Closing deferred tax asset	<u>543</u>

	Provided	
	2016 £'000	2015 £'000
Difference between capital allowances and depreciation	10	11
Other timing differences	533	684
	<u>543</u>	<u>695</u>

The closing deferred tax asset at 30 June 2016 has been calculated at 18% reflecting the tax rate at which the deferred tax asset is expected to be utilised in future periods.

We estimate that the future rate change to 17% would further reduce our UK deferred tax asset recognised at 30 June 2016 from £543,000 to £513,000. The actual impact will be dependent on our deferred tax position at that time. During the year beginning 1 July 2016, the net reversal of the deferred tax asset is expect to reduce the corporation tax charge for the year by £18,000.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

10. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000 (restated)
Trade creditors	23	7
Amounts owed to subsidiary undertakings	93,078	85,724
Other creditors	19	39
Other taxation and social security	1	33
Corporation tax	576	1,007
Accruals and deferred income	434	458
	<u>94,131</u>	<u>87,268</u>

During the year PIC Fyfield Limited was charged loan interest of £36,210 (2015: £89,950) by Pig Improvement Company España, S.A. and £59,755 (2015: £12,495) by Genus Australia Pty Ltd. The amounts owed to group undertakings have no fixed repayment date, and charge interest rate varying between 0% and 5%. The holiday pay accrual represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The accrual is measured as the salary cost payable for the period of absence.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

11. Provisions for liabilities and charges

	Other pensions £'000	Surplus properties £'000	Other restructuring provisions £'000	Total £'000
At 1 July 2015	950	20	1,060	2,030
Utilised in the year	(50)	(1)	(80)	(131)
Actuarial loss:				
In other comprehensive income statement	20	-	(80)	(60)
Unwinding of discount on provisions	40	-	40	80
At 30 June 2016	<u>960</u>	<u>19</u>	<u>940</u>	<u>1,919</u>

Other pensions comprise unfunded pension obligations to current and former executives of the company calculated on the transfer value method. Payments will be made upon retirement of the relevant executives.

The surplus property provision represents the discounted future costs of properties not occupied by the group. These costs are computed net of risk weighted rental income and, where necessary, dilapidation and letting expenses and will be paid out over the next year. Leases and sub lease have all now ceased and the remaining provision represents anticipated legal fees which are disclosed as a current liability.

Other restructuring provisions relate to post retirement health benefit obligations to former Dalgety plc head office staff.

Non current provision £1,900k (2015: £2,010k), current provision £19k (2015: £20k), total provisions £1,919k (2015: £2,030k).

12. Called up share capital

	2016 £'000	2015 £'000
Allotted and fully paid		
150,000,000 ordinary shares of £1 each as at 30 June	<u>150,000</u>	<u>150,000</u>

The company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, including actuarial gains/losses on retirement benefits, net of dividends paid and other adjustments.

During the prior year, the directors recommended and paid a dividend of £0.20 per ordinary share (£30,000,000).

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

13. Employee Benefits

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 30 June 2016 was £20,353 (2015: £18,494).

Defined Benefit scheme

The most recent actuarial valuation of the DPF was at 31 March 2015 and carried out by professionally qualified actuaries.

The principal actuarial assumptions adopted in the 2015 valuation were that investment returns on existing assets would be 4.1% per annum before retirement and 2.2% per annum after retirement and that the annual increase in pensions in payment would be 3.3% per annum.

The market value of the available assets at 31 March 2015 was £31.6m. The value of those assets represents approximately 101% of the value of the uninsured liabilities, which were £31.3m at 31 March 2015. Under the funding agreement, the Company will not have to make deficit repair contributions.

The disclosures required under FRS 102 have been calculated by an independent actuary based on accurate calculations carried out as at 31 March 2015 and updated for changes in financial assumptions to 30 June 2016.

There is a £15.5m reserve held by the Trustees of DPF against future unknown liabilities materialising. As the economic benefit to PIC Fyfield of this amount is not certain, it is treated as a contingent asset.

In addition to the aggregate asset and liabilities disclosed, a bulk annuity policy was secured with an insurance company in July 1999, which matched the benefit entitlement of almost all of the Fund's current and deferred pension liabilities at that time. During the year, an additional bulk annuity policy was purchased by the scheme for £3.9m. The value of these policies and related liabilities at 30 June 2016 were £703m (2015: £694m).

The financial assumptions used to calculate the scheme liabilities are:

	2016	2015	2014
Increases for pensions in payment	6.40%	7.10%	7.40%
Liability discount rate	2.80%	3.80%	4.20%
Inflation assumption	1.60%	2.00%	2.20%
Revaluation of deferred pensions	2.60%	2.60%	2.60%

The mortality assumptions used are consistent with those recommended by the schemes' actuaries and reflect the latest available tables, adjusted for the experience of the scheme where appropriate. For 2016, the mortality tables used are 97% of the SN2A tables, with birth year and 2014 CMI projections, subject to a long-term rate of improvement of 1.25% for males and females (2015: the mortality tables used are 90% of the SN1A tables, with birth year and 2011 CMI projections, subject to a long-term rate of improvement of 1.25% for males and females).

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

13. Employee Benefits (continued)

The following table shows the assumptions used for all schemes and illustrates the expectation of life of an average member retiring at age 65 at the balance sheet date and a member reaching age 65 in 20 years' time.

		2016 (years)	2015 (years)
Retiring at balance sheet date at age 65:	Male	22.9	23.4
	Female	25.1	25.9
Retiring at age 65 in 20 years' time:	Male	24.6	25.2
	Female	26.9	27.8

The assets in the scheme and the expected rate of return were:

	Value at 30 June 2016 £'000	Long term rate of return expected at 30 June 2016	Value at 30 June 2015 £'000	Long term rate of return expected at 30 June 2015	Value at 30 June 2014 £'000	Long term rate of return expected at 30 June 2014
Equities	10,210	8.20%	11,020	8.20%	9,950	8.20%
Bonds	17,360	3.20%	17,540	3.20%	15,260	3.20%
Other assets	10	0.50%	60	0.50%	(30)	0.50%
Total assets	27,580		28,620		25,180	

The overall expected long-term rate of return on assets is 5.05% (2015: 5.12%). The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Balance sheet reconciliation					
Total market value of assets	27,580	28,620	25,180	21,280	19,360
Present value of scheme liabilities	(20,770)	(22,450)	(20,220)	(17,400)	(14,390)
Irrecoverable surplus not recognised	(6,810)	(6,170)	(4,960)	(3,880)	(6,340)
Deficit in the scheme	-	-	-	-	(1,370)
Related deferred tax asset	-	-	-	-	329
Net pension liability	-	-	-	-	(1,041)

An analysis of the amount that has been charged to operating profit is as follows:

	2016 £'000	2015 £'000
Current service cost	-	-

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

13. Employee Benefits (continued)

An analysis of the amount that has been credited to net finance income is as follows:

	2016 £'000	2015 £'000
Expected return on pension scheme assets	760	840
Interest on pension scheme liabilities	(760)	(840)
Net return	-	-

Amounts recognised in the statement of Comprehensive Income:

	2016 £'000	2015 £'000
Actual return less expected return on pension scheme assets	1,960	2,800
Experience gains and losses arising on the scheme liabilities	(1,320)	(1,590)
Actuarial gain recognised in the Comprehensive Income Statement	640	1,210

Movements in scheme during the year:

	2016 £'000	2015 £'000
Deficit in scheme at start of year	-	-
Movement in year:		
Actuarial gain	640	1,210
Irrecoverable surplus	(640)	(1,210)
Deficit in scheme at end of year	-	-

History of experience gains and losses:	2016	2015	2014	2013	2012
Difference between the expected and actual return on scheme assets £'000s:	1,320	2,800	1,470	840	790
Percentage of the scheme assets	4.8%	9.8%	5.8%	3.9%	4.1%
Experience gains and losses arising on the scheme liabilities £'000s:	(1,320)	(1,590)	(820)	(2,520)	(1,960)
Percentage of the present value of the scheme liabilities	(6.4)%	(7.1)%	(4.1)%	(14.5)%	(13.6)%
Total actuarial amount recognised in the statement of total recognised gains and losses £'000s:	0	39	(428)	780	(490)
Percentage of the present value of the scheme liabilities	0.0%	0.2%	2.1%	4.5%	3.0%

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

14. Financial commitments

At 30 June 2016 the company had the following total future minimum lease payments under non-cancellable operating leases which expire within:

	2016 £'000	2015 £'000
Within one year	9	9
Between one and five years	9	18
	<u>18</u>	<u>27</u>

15. Ultimate parent undertaking

The company's parent undertaking and ultimate controlling party is Genus plc, a company which is incorporated in the United Kingdom and registered in England and Wales. Genus plc is the largest and smallest group, of which the company is a member, for which financial statements are prepared. Copies of the financial statements of Genus plc are available from its registered office whose address is as follows:

Matrix House
Basing View
Basingstoke
Hampshire
RG 21 4DZ

16. Contingent liabilities

The company has entered into cross guarantees to the group's bank in respect of the borrowings of its parent. At 30 June 2016 the total contingent liability in respect of group borrowings was £93.9m (2015: £81.1m).

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2016

17. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 30 June 2015 and the date of transition to FRS 102 was therefore 1 July 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Short term compensated absences

Prior to adoption of FRS 102 the company did not make a provision for holiday pay earned but not taken before the year end. FRS 102 requires the cost of short term compensated absences to be recognised when employees render the service that increases their entitlement.

An additional accrual of £5k has been provided at 30 June 2015 and an additional £5k charge to the Income Statement at 30 June 2015.

Reconciliation of equity

	At 30 June 2014 £'000	At 30 June 2015 £'000
Equity reported under previous UKGAAP	245,297	233,959
Adjustments to equity on transition to FRS 102		
<i>Holiday pay provision</i>	-	(5)
Equity reported under FRS 102	245,297	233,954

Reconciliation of profit or loss for 2015

	At 30 June 2014 £'000	At 30 June 2015 £'000
Profit for the financial year under previous UK GAAP	7,223	18,662
<i>Holiday pay provision</i>	-	(5)
Profit for the financial year under FRS 102	7,223	18,657

Presentation of intercompany balances

As a consequence of adopting FRS 102, the presentation of amounts owed by group companies has changed, with the total amount of £3,542,000 being reclassified to repayable after more than one year from repayable on demand.

There is no impact on profits for the financial year or change to the net assets of the company at the balance sheet dates as a result of this transition adjustment.