

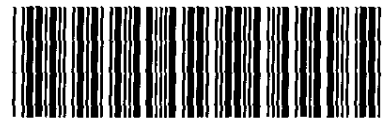
Company Registration No. 00019739

PIC Fyfield Limited

Annual Report and Financial Statements

For the year ended 30 June 2022

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PIC Fyfield Limited

Annual report and financial statements for the year ended 30 June 2022

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	5
Income statement	6
Statement of comprehensive income	6
Statement of changes in equity	7
Balance Sheet	8
Notes to the financial statements	9

PIC Fyfield Limited

Officers and professional advisors

Directors

A Henriksen
D Noonan
S Wilson

Company Secretary

V Walton

Registered office

Matrix House
Basing View
Basingstoke
Hampshire
RG21 4DZ

Bankers

Barclays Bank PLC
51 Mosley Street
Manchester
M60 2AU

PIC Fyfield Limited

Strategic report

Business review and principal activities

PIC Fyfield Limited (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 6.

The directors consider the profit achieved on ordinary activities before taxation of £44.0m (2021: £32.3m) 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 increased by £11.7m to £44.0m for the year ended 30 June 2022 (2021: £32.3m) and
- Net assets including pension assets decreased from £171.1m in 2021 to £164.7m in 2022.

Key performance indicators, risks and uncertainties

The directors consider the key performance indicator to be the carrying value of the investments. The investments have performed in line with expectation during the year. An assessment of impairment is undertaken where there are possible indicators of impairment, and on an annual basis.

The wider group is 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.

The Company's risk management process has identified certain key risks faced by the Company. The risks identified below do not necessarily comprise all those affecting the Company and the risks listed are not set out in any particular order of priority. Additional risks and uncertainties not presently known to the Company or the directors or that the Company or the directors currently deem immaterial may also adversely affect the Company's business or operations.

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 of and margins in the Company's subsidiaries.

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 (Continued)

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; and the lower demand for our products due to industry wide disease outbreaks.

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.

Human Resources

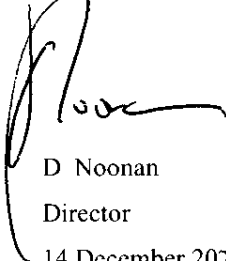
The key risk is a failure to attract or retain skills and experience within our executive, management and employee cohorts.

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 activity is detailed above. Liquidity is managed by the Genus plc ('The Group') using long-term group bank facilities. Having considered 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

Approved by the Board and signed on its behalf by:



D Noonan

Director

14 December 2022

PIC Fyfield Limited

Directors' report

The directors present their annual report and the financial statements for the year ended 30 June 2022.

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 6.

The directors paid a final dividend of £50,000,000 (2021: £40,000,000). The directors did not recommend the payment of a dividend after year end 30 June 2022 (2021:£nil).

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

Financial risk management

Refer to the Strategic Report on Pages 2-3.

Future developments

The directors expect the general level of activity to remain consistent with 2022 in the forthcoming year.

Directors' Indemnities

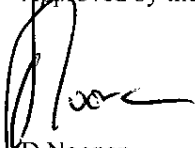
The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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
14 December 2022

PIC Fyfield Limited

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and the Directors' 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information 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.

PIC Fyfield Limited

Income Statement For the year ended 30 June 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	473	460
Staff costs	4	(358)	(327)
GMP equalisation cost	14	-	(920)
Other operating expenses		(362)	(359)
Income from fixed asset investments		40,110	28,508
Operating profit		39,863	27,362
Net finance income	5	4,108	4,960
Profit on ordinary activities before taxation	3	43,971	32,322
Tax charge on profit on ordinary activities	6	(443)	(369)
Profit for the financial year		43,528	31,953

Statement of comprehensive income For the year ended 30 June 2022

Profit for the financial year		43,528	31,953
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Actuarial gains relating to retirement benefits (gross)	14	-	920
Actuarial gains relating to other retirement benefits	12	102	49
Tax relating to components of other comprehensive income	6	(23)	(90)
Total comprehensive income for the financial year		43,607	32,832

All amounts derive from continuing operations.

PIC Fyfield Limited

Statement of changes in equity For the year ended 30 June 2022

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
At 30 June 2020	150,000	7,277	21,019	178,296
Actuarial gain on retirement benefit (net of tax)	-	-	879	879
Other comprehensive profit for the year	-	-	879	879
Profit for the year	-	-	31,953	31,953
Total comprehensive income for the financial year	-	-	32,832	32,832
Dividends	-	-	(40,000)	(40,000)
At 30 June 2021	150,000	7,277	13,851	171,128
Actuarial gain on retirement benefit (net of tax)	-	-	79	79
Other comprehensive profit for the year	-	-	79	79
Profit for the year	-	-	43,528	43,528
Total comprehensive income for the financial year	-	-	43,607	43,607
Dividends	-	-	(50,000)	(50,000)
At 30 June 2022	150,000	7,277	7,458	164,735

PIC Fyfield Limited

Balance Sheet As at 30 June 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Intangible Assets	7	1,339	1,623
Investment in group undertakings	8	61,707	210,939
Deferred tax	10	366	409
		<u>63,412</u>	<u>212,971</u>
Current assets			
Debtors	9	151,484	1,096
Cash at bank and in hand		-	25
		<u>151,484</u>	<u>1,121</u>
Creditors: amounts falling due within one year	11	<u>(35,290)</u>	<u>(41,454)</u>
Net current assets / (liabilities)		<u>116,194</u>	<u>(40,333)</u>
Total assets less current liabilities being net assets		<u>179,606</u>	<u>172,638</u>
Creditors: amounts falling due after one year			
Amounts owed to subsidiary undertakings		(13,531)	-
Provisions for liabilities and charges	12	<u>(1,340)</u>	<u>(1,510)</u>
Net assets excluding pension liabilities		<u>164,735</u>	<u>171,128</u>
Pension liabilities	14	-	-
Net assets including pension liabilities		<u>164,735</u>	<u>171,128</u>
Capital and reserves			
Called up share capital	13	150,000	150,000
Capital redemption reserve		7,277	7,277
Retained earnings		<u>7,458</u>	<u>13,851</u>
Total shareholder's funds		<u>164,735</u>	<u>171,128</u>

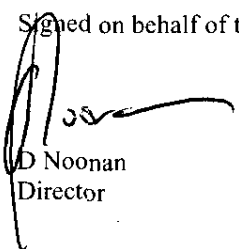
For the year ending 30 June 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the ACT with respect to accounting records and the preparation of accounts.

These financial statements for PIC Fyfield Limited (company registration number 00019739) were approved by the Board of Directors and authorised for issue on 14 December 2022.

Signed on behalf of the Board of Directors


D Noonan
Director

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

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 and registered in England and Wales. 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.

We have used the equity method to account for the Group's interest in joint ventures and associates.

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. The Company is consolidated in the financial statements of its ultimate parent, Genus plc, as disclosed in Note 16.

Going concern

The Company's business activities are detailed in the Strategic Report and Directors' Report. Having considered 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 16) whose consolidated financial statements 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.

Joint venture

Joint Ventures are stated at cost less any provision for impairment.

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.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

1. Accounting policies (continued)

Taxation (continued)

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.

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 the principal employer 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.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

1. Accounting policies (continued)

Pensions continued

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, 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.

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.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

1. Accounting policies (continued)

Financial assets and liabilities continued

(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.

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 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

Defined benefit pension schemes

Amounts recorded in the Financial Statements in respect of defined benefit pension schemes are also based on significant estimates. Judgements required included the extent to which we should provide for any amounts that might become payable under our joint and several liability in respect of the Dalgety Pension Fund, and the extent of additional liability required under FRED 55.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

1. Accounting policies (continued)

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.

Net finance costs

Interest income and interest payable in the Statement of Income and Retained Earnings are recognised as they accrue.

Intangible Assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributable to the asset will flow to the Company and the cost can be reliably measured.

After initial recognition, the Company will report these intangible assets at cost less accumulated amortisation and impairment losses.

The estimated useful lives for the intangible's assets are as follows:

- Genetic Rights: 7 to 8 years.

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.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

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:

	2022 £'000	2021 £'000
United Kingdom	473	460

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is calculated after charging:

	2022 £'000	2021 £'000
Foreign exchange loss/(gain)	377	(393)
Operating lease rentals	-	6

4. Directors and employees

The average number of persons employed by the Company during the year was two (2021: two).

The costs incurred in respect of these employees were:

	2022 £'000	2021 £'000
Wages and salaries	295	280
Social security costs	38	30
Other pension cost	25	17
	358	327

The emoluments of the directors were as follows:

	2022 £'000	2021 £'000
Wages and salaries	209	180
Pension costs	17	16
	226	196

The emoluments of the highest paid director were £226,000 (2021: £196,000) including pension costs of £17,000 (2021: £16,000).

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

4. Directors and employees (continued)

The remuneration of the other two directors (2021: 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 qualifying services to the Company is £nil (2021: £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 12. A total of £50,000 (2021: £52,000) 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 (2021: £nil).

5. Net finance income

	2022 £'000	2021 £'000
Interest payable and similar charges:		
Interest payable to group undertakings	(100)	(342)
Foreign exchange losses on third party and intra group balances	(377)	-
Interest receivable and similar income:		
Interest receivable by group undertakings	4,622	4,936
Foreign exchange gains on third party and intra group balances	-	393
Other finance charges:		
Unwind discount on provisions (see note 12)	(37)	(27)
Net finance income	<u>4,108</u>	<u>4,960</u>

During the year the Company received interest of £4,549k (2021: £4,936k) from Genus plc.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

6. Tax charge on profit on ordinary activities

	2022 £'000	2021 £'000
UK corporation tax	(429)	(533)
Adjustments in respect of prior periods	6	(10)
Current tax charge on profit for the year	<u>(423)</u>	<u>(543)</u>
Deferred taxation:		
Origination and reversal of timing differences in the year	(20)	164
Prior year adjustment	-	10
Total deferred tax	<u>(20)</u>	<u>174</u>
Total tax charge on ordinary activities for the year	(443)	(369)
Total current and deferred tax relating to items of other comprehensive income	<u>(23)</u>	<u>(90)</u>
	<u>(466)</u>	<u>(459)</u>

Factors affecting tax charge 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:

	2022 £'000	2021 £'000
Profit on ordinary activities before taxation	<u>43,971</u>	<u>32,322</u>
Tax on profit on ordinary activities at standard UK corporation tax rate at 19% (2021: 19%) on profit on ordinary activities	8,355	6,141
Effects of:		
- Decrease in tax provision	(289)	(353)
- Foreign Income	-	5
- Non-taxable income received	(7,621)	(5,416)
- Adjustment in respect of prior year	(6)	-
- Change in rate of tax	6	(8)
Total tax charge on ordinary activities for the year	<u>443</u>	<u>369</u>

The UK headline rate of tax remained at 19% in the current period (2021: 19%). The Finance Bill 2021, which was substantively enacted on 24 May 2021, introduced a new rate of corporation tax of 25% for large companies with effect from 1 April 2023. UK deferred tax assets expected to unwind in the period to 31 March 2023 have continued to be recognised at 19%, and the remaining UK deferred tax assets that will likely unwind post 31 March 2023 have been recognised at the new forward tax rate of 25%.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

7. Intangible Assets

	Genetic Technology £'000
Cost	
At 1 July and at 30 June 2022	2,050
Amortisation & impairments	
At 1 July 2021	427
Amortisation for the year	284
At 30 June 2022	711
Net book value	
At 30 June 2022	1,339
At 30 June 2021	1,623

8. Fixed asset investments

	Equity £'000	Loans £'000	Total £'000
Cost			
At 1 July 2021	230,502	169,844	400,346
Additions	-	9,026	9,026
Loan Repayment	-	(158,208)	(158,208)
Effect of Movement in Exchange Rates		(50)	(50)
At 30 June 2022	230,502	20,612	251,114
Impairments			
At 1 July 2021	189,407	-	189,407
Write down of investment	-	-	-
At 30 June 2022	189,407	-	189,407
Net book value			
At 30 June 2022	41,095	20,612	61,707
At 30 June 2021	41,095	169,844	210,939

In October 2021, HY-CO Hybridschweine-Cooperations GmbH was dissolved in which the company held a 50% investment. The net book value at 30 June 2022 for this fixed asset investment was nil.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

8. Fixed asset investments (continued)

The Company's investments in subsidiaries and associates at 30 June 2022 were as follows:

Name of undertaking	Registered Address	Country of incorporation	Direct/indirect Group interest	% of share capital/voting rights held by the Company
PIC Genetics Designated Activity Company	Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland	Ireland	Indirect	100%
Avlscenter Mollevang A/S	Mollevvej 3, 6670 Holsted, Denmark	Denmark	Indirect	49%*
PIC (Shanghai) Agriculture Science and Technology Company Limited	Room 702-5, No. 719 Shen Gui Road, Min Hang District, Shanghai, China	China	Direct	100%
PIC Andina S.A.	Avenida del Parque #4161 office #601, Huechuraba, Santiago, Chile	Chile	Indirect	100%
PIC France SA	69 Chemin des Molicres, 69210, Lentilly, France	France	Indirect	100%
PIC Genetics LLC	79 Narodnyy Boulevard, 308000, Belgorod, Russian Federation	Russia	Indirect	100%
PIC Italia S.r.l.	Strada dei Loggi 22, 06135, Ponte San Giovanni, Perugia, Italy	Italy	Indirect	85%
PIC Philippines, Inc.	Unit 2101/2102, 21st Floor Jollibee Plaza, F. Ortigas, Jr. Rd., Ortigas Center, Pasig City, 1605, Philippines	Philippines	Indirect	99.9%*
ABS Polska Sp. z o.o.	Szafrkowa 22A, 82-300 Gronowo Górne, Poland	Poland	Indirect	100%
PIC (Zhangjiagang) Pig Improvement Co., Ltd.	Office 1210, International Finance Tower, 20 Jingang Road, Zhangjiagang Bonded Zone, Zhangjiagang City, Jiangsu Province, China	China	Indirect	100%
PIG Improvement Company Deutschland GmbH	Jathustraße 11a, D-30163 Hannover, Germany	Germany	Indirect	100%
Pig Improvement Company España, S.A.	C/Pau Vila, 22 2º puerta 6, 08174 Sant Cugat del Valles, Barcelona, Spain	Spain	Direct	100%

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

8. Fixed asset investments (continued)

Name of undertaking	Registered Address	Country of incorporation	Direct/indirect Group interest	% of share capital/voting rights held by the Company
Pig Improvement Company UK Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Direct	100%
Pigtales Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Direct	100%
Reprodutores PIC, Lda	Av. Eng. Duarte Pacheco , Amoreiras, Torre 2 - 14ªA, 1070-102 Lisboa, Portugal	Portugal	Indirect	100%
Shaanxi PIC Pig Improvement Co., Ltd.	12105, 21st floor, Yuntian Building, 12 Feng Cheng Second Street , Xian Economic Development District, Xian City, Shaanxi Province, China	China	Indirect	100%
Liao Ning PIC Agriculture Science and Technology Co., Ltd	Gunzigou Village, Gao Guan Town, Benxi County, Benxi City, Liaoning Province, China	China	Indirect	100%
Xianyang Yongxiang Agriculture Technology Co., Ltd.	Qiaojiaguan Village, Jianjun Town Yongshou County, Xianyang Shaanxi Province, China	China	Indirect	49%*
Inner Mongolia Haoxiang Pig Breeding Co. Ltd	Jintang Village, Jinding Town, Zhidan County, Yan An Municipality, Shaanxi Province, China	China	Indirect	49%*
Agence Spillers N.V.	Place Saint-Lambert 14, 1200 Woluwe-Saint-Lambert	Belgium	Indirect	100%
Brazilian Holdings Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Direct	100%
Dalco Exportadora Ltda.	Rua Branco de Morais, No. 84, cj.06, Chacara Santo Antonio, Sao Paulo-SP, 04718-010, Brazil	Brazil	Indirect	100%
Dalgety Pension Trust Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Direct	100%

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

8. Fixed asset investments (continued)

Name of undertaking	Registered Address	Country of incorporation	Direct/indirect Group interest	% of share capital/voting rights held by the Company
Fyfield (SM) Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Indirect	100%
Fyfield Dormant	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Indirect	100%
Fyfield Holland B.V.	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	Netherlands	Direct	100%
Fyfield Ireland Limited	One Spencer Dock, North Wall Quay, Dublin 1, Ireland	Ireland	Indirect	100%
GENEETIC Service S.R.L.	Viale Europa 71, 3210 0, Belluno, Italy	Italy	Indirect	33.3%
Società Agricola GENEETIC S.R.L.	Via Marche n. 2, 42122 , Reggio Emilia, Italy	Italy	Indirect	33.3%
Pig Improvement Company Overseas Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Direct	100%
Spillers Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	100%
Spillers Overseas Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	100%
Sygen Investimentos Ltda.	Rua Branco de Moraes, No. 84, cj.06, Chacara Santo Antonio, Sao Paulo-SP, 04718-010, Brazil	Brazil	Direct	100%
Usicafé SA	c/o Cabinet Mayor, avocats, Rue Jean-Gabriel Eynard 6, 1205 Genève	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.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

9. Debtors

Amounts falling due within one year:

	2022 £'000	2021 £'000
Amounts owed by subsidiary undertakings	151,444	1,030
Other debtors	40	66
	<u>151,484</u>	<u>1,096</u>

Amounts owed by group undertakings are unsecured and repayable on demand.

10. Deferred tax

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

	Deferred tax asset recognised in accounts	
	2022 £'000	2021 £'000
Deferred tax	<u>366</u>	<u>409</u>

Movement on deferred tax

	Total £'000
Opening deferred tax asset	409
Current year credit to the Income Statement	(20)
Movement in statement of recognised gains and losses	(23)
Closing deferred tax asset	<u>366</u>

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

10. Deferred tax (continued)

	Provided	
	2022 £'000	2021 £'000
Difference between capital allowances and depreciation	13	13
Other timing differences	353	396
	<u>366</u>	<u>409</u>

UK deferred tax assets expected to unwind in the period to 31 March 2023 have continued to be recognised at 19%, and the remaining UK deferred tax assets that will likely unwind post 31 March 2023 have been recognised at the new forward tax rate of 25%.

11. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	-	4
Amounts owed to subsidiary undertakings	33,974	39,623
Other creditors	10	4
Corporation tax	996	1,477
Accruals and deferred income	310	346
	<u>35,290</u>	<u>41,454</u>

During the year PIC Fyfield Limited was charged loan interest of £16k (2021: £11k) by Pig Improvement Company Deutschland GmbH, £14k (2021: £119k) by Pig Improvement Company España, S.A., £28k (2021: £22k) by Genus Australia Pty Ltd, £35k (2021: £187k) by Pig Improvement Company de México, S. de R.L. de C.V. and £8k (2021: £nil) by PIC France SA. The amounts owed to group undertakings have no fixed repayment date, and charge interest rates varying between 0% and 5%.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

12. Provisions for liabilities and charges

	Other pensions £'000	Other restructuring provisions £'000	Total £'000
At 1 July 2021	920	590	1,510
Utilised in the year	(50)	(55)	(105)
Actuarial loss:			
In other comprehensive income statement	(80)	(22)	(102)
Unwinding of discount on provisions	20	17	37
	<u>810</u>	<u>530</u>	<u>1,340</u>
At 30 June 2022	810	530	1,340

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.

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

13. Called up share capital

	2022 £'000	2021 £'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 current year, the directors recommended and paid a dividend of £0.33 (2021: £0.27) per ordinary share £50,000,000 (2021: £40,000,000).

14. 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 2022 was £25k (2021: £17k).

Defined Benefit scheme

The most recent actuarial valuation of the Dalgety Pension Fund was at 31 March 2021 and carried out by qualified actuaries.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

14. Employee Benefits (continued)

The principal actuarial assumptions adopted in the 2021 valuation were that:

- Investment returns on existing assets is gilt yields less 0.35% per annum;
- CPI price inflation is expected to be 0.7% per annum lower than RPI inflation until 2030, then RPI curve from 2030 onwards; and
- Pension in payment and pension in deferment would increase in future in line with CPI price inflation, subject to various minimum and maximum increases.

The market value of the available assets at 31 March 2021 was £938m. The value of those assets represents approximately 100% of the value of the uninsured liabilities, which were £937m at 31 March 2021. 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 2021 and updated for changes in financial assumptions to 30 June 2022.

As at 30 June 2022, the DPF, which includes a £20.5m separate reserve held against future unknown liabilities materialising, was in an overall net pension asset position of £6.6m. However the Company does not have the unilateral right to this surplus and furthermore cannot reduce contributions or organise a refund and therefore in line with FRED 55, the recognition of this asset is restricted.

In August 2019, the Trustees purchased an additional bulk buy-in annuity policy with Legal and General in respect of the remaining deferred and pensioner members, at a cost of £38m. This reflected a £15m premium over the estimated FRS 102 liability of £23m, reducing the restriction on the recognition of assets.

In addition to the aggregate assets and liabilities disclosed, a bulk annuity policy was secured with an insurance company in July 1999, which matched the benefit entitlement of the almost all the fund's current and deferred pension liabilities at that time. The value of these policies and related liabilities at 30 June 2022 was £654m (2021: £691m).

The financial assumptions used to calculate the scheme liabilities are:

	2022	2021	2020
Liability discount rate	3.90%	1.90%	1.65%
Inflation assumption	2.40%	2.10%	2.10%

The mortality assumptions used are consistent with those recommended by the scheme's actuaries and reflect the latest available tables, adjusted for the experience of the scheme where appropriate. For 2022, the mortality tables used are 100% of the S3PMA (males)/S3PFA_M (females) all lives tables, with birth year and 2021 CMI projections with a smoothing parameter of $Sk = 7.0$ and $A = 0.5\%$, subject to a long-term rate of improvement of 1.5% for males and females and 2021: 97% of the SN2A tables, with birth year and 2019 CMI projections with a smoothing parameter of $Sk = 7.0$, 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 2022

14. 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.

		2022 (years)	2021 (years)
Retiring at balance sheet date at age 65:	Male	22.6	22.0
	Female	24.4	24.4
Retiring at age 65 in 20 years' time:	Male	24.2	23.3
	Female	26.2	25.9

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Value at 30 June 2022 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Value at 30 June 2021 £'000
Bonds	-	7,940	-	7,940	-	11,600	-	11,600
Diversified growth funds	-	8,480	-	8,480	-	8,900	-	8,900
Bulk annuity policies	-	-	543,910	543,910	-	-	677,500	677,500
Total assets	-	16,420	543,910	560,330	-	20,500	677,500	698,000

	2022 £'000	2021 £'000	2019 £'000	2018 £'000	2017 £'000
Balance sheet reconciliation					
Total market value of assets	560,330	698,000	734,730	780,370	728,650
Present value of scheme liabilities	(553,690)	(689,170)	(726,050)	(761,290)	(719,620)
Irrecoverable surplus not recognised	(6,640)	(8,830)	(8,680)	(19,080)	(9,030)
Deficit in the scheme	-	-	-	-	-
Related deferred tax asset	-	-	-	-	-
Net pension liability	-	-	-	-	-

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

	2022 £'000	2021 £'000
Current service cost	-	-
Past service cost	-	(920)
	-	(920)

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

14. Employee Benefits (continued)

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

	2022 £'000	2021 £'000
Expected return on pension scheme assets	12,900	11,660
Interest on pension scheme liabilities	(12,900)	(11,660)
Net return	-	-

Amounts recognised in the statement of Comprehensive Income:

	2022 £'000	2021 £'000
Actual return less expected return on pension scheme assets	(112,710)	(9,980)
Experience gains and losses arising on the scheme liabilities	112,710	10,900
Actuarial gain recognised in the Statement Comprehensive Income	-	920

Movements in scheme during the year:

	2022 £'000	2021 £'000
Deficit in scheme at start of year	-	-
Movement in year:		
Actuarial gain	-	150
Movement in restriction of irrecoverable surplus	-	(150)
Deficit in scheme at end of year	-	-

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

14. Employee Benefits (continued)

History of experience gains and losses:	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018+ £'000
Difference between the expected and actual return on scheme assets £'000s:	112,710	9,980	11,530	(55,690)	1,240
<i>Percentage of the scheme assets</i>	20.1%	1.4%	1.6%	7.1%	4.0%
Experience gains and losses arising on the scheme liabilities £'000s:	(112,710)	(10,900)	(11,530)	55,690	(1,240)
<i>Percentage of the present value of the scheme liabilities</i>	20.1%	1.6%	1.6%	7.3%	5.7%
Total actuarial amount recognised in the statement of total recognised gains and losses £'000s:	-	(920)	-	-	-
<i>Percentage of the present value of the scheme liabilities</i>	0.0%	0.1%	0.0%	0.0%	0.0%

+ excluding impact of bulk annuity policies

15. Financial commitments

At 30 June 2022 the Company had the following total future minimum lease payments under non-cancellable operating leases which expire:

	2022 £'000	2021 £'000
Within one year	-	4
	-	4

16. 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 to the public from its registered office whose address is as follows:

Matrix House
Basing View
Basingstoke
Hampshire
RG21 4DZ

The Company is also exempt under the terms of FRS 102 from disclosing related party transactions with entities that are wholly owned subsidiaries by the Genus Plc group of companies.

PIC Fyfield Limited

Notes to the financial statements For the year ended 30 June 2022

17. 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 2022 the total contingent liability in respect of group borrowings was £183.9m (2021: £113.6m).

18. EQUITY ACCOUNTED INVESTEEES

We hold interests in several joint ventures and associates where we have significant influence.

Accounting policies

Joint ventures are entities over whose activities we have joint control, under a contractual agreement. The Group Financial Statements include the Group's share of profit or loss arising from joint ventures.

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. The Group Financial Statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date it ceases. When our share of losses exceeds our interest in an associate, we reduce the carrying amount to nil and stop recognising further losses, except to the extent that the Group has incurred legal or constructive obligations or made payments on an associate's behalf.

Under the equity method, investments in joint ventures or associates are initially recognised in the Group Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint ventures and associates. Related-party transactions with the Group's joint ventures and associates primarily comprise the sale of products and services. As each arrangement is a separate legal entity and control rights are substantially equal with the other parties, no significant judgements are required.

The Group's share of profit after tax in its equity accounted investees for the year was £5.2m (2021: £13.1m).

The carrying value of the investments is reconciled as follows:

	2022 £m	2021 £m
Balance at 1 July	34.1	22.7
Share of post-tax retained profits of joint ventures and associates	5.2	13.1
Additions	2.2	2.4
Dividends received from Agrocerec – PIC Genética de Suínos Ltda (Brazil)	(3.1)	(2.5)
Dividends received from Società Agricola GENEETIC S.r.l (Italy)	(0.1)	–
Dividends received from Inner Mongolia Haoxiang Pig Breeding Co. Ltd. (China)	–	(1.6)
Loan investment	–	0.4
Effect of other movements including exchange rates	2.9	(0.4)
Balance at 30 June	41.2	34.1

The additions in the year solely relate to cash injections made to Inner Mongolia Haoxiang Pig Breeding Co. Ltd. to fund their operation. HY-CO Hybridschweine-Cooperations GmbH was struck off the register during the year.

During the prior year, we purchased a 39% shareholding for £2.4m in Xelect Limited, an aquaculture genetic services company, and retain a call option to purchase the remaining shares in Xelect Limited in 2023. We also made an investment of £0.4m in Società Agricola GENEETIC S.r.l., primarily through a shareholder's loan.

There are no significant restrictions on the ability of the joint ventures and associates to transfer funds to the Parent, other than those imposed by the Companies Act 2006 or equivalent government rules within the joint venture's jurisdiction.

Related-party transactions with joint ventures and associates

	Transaction value		Balance outstanding	
	2022 £m	2021 £m	2022 £m	2021 £m
Sale of goods and services to joint ventures and associates	–	(1.8)	0.3	0.4
Purchase of goods and services from joint ventures and associates	6.5	5.0	–	(0.4)

All outstanding balances with joint ventures and associates are priced on an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.

Summary financial information for equity accounted investees, adjusted for the Group's percentage ownership, is shown on the following page.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2022

18. EQUITY ACCOUNTED INVESTEEES CONTINUED

Joint ventures and associates – year ended 30 June 2022

Net assets	Ownership	Cash and cash equivalent £m	Other current assets £m	Non-current assets £m	Biological assets £m	Total assets £m	Current liabilities £m	Total liabilities £m	Net assets £m
Agrocères – PIC Genética de Suínos Ltda (Brazil)	49%	0.2	17.6	23.6	6.9	48.3	(15.2)	(15.2)	33.1
Inner Mongolia Haoxiang Pig Breeding Co. Ltd (China) ¹	49%	–	0.4	1.4	(1.2)	0.6	(0.8)	(0.8)	(0.2)
Chitale Genus ABS (India) Private Limited (India)	50%	0.3	0.3	1.1	–	1.7	(0.1)	(0.4)	1.3
Avlscenter Møllevang A/S ¹	49%	–	–	–	–	–	–	–	–
Yan'an Xinyongxiang Technology Co., Ltd (China) ¹	49%	2.7	1.3	0.8	(0.5)	4.3	(0.3)	(0.3)	4.0
Xelect Limited (United Kingdom) ¹	39%	0.1	0.2	2.2	–	2.5	(0.1)	(0.1)	2.4
Società Agricola GENEETIC S.r.l. (Italy) ¹	33%	–	0.6	0.4	–	1.0	(0.4)	(0.4)	0.6
Società Agricola GENEETIC Service S.r.l. (Italy) ¹	33%	–	–	–	–	–	–	–	–
		3.3	20.4	29.5	5.2	58.4	(16.9)	(17.2)	41.2

¹ Classified as an associate. All other investments are classified as joint ventures.

FINANCIAL STATEMENTS

Income Statement	Ownership	Revenue £m	Net IAS 41 valuation movement on biological assets £m	Expenses £m	Operating profit £m	Taxation £m	Profit after tax £m
Agrocères – PIC Genética de Suínos Ltda (Brazil)	49%	31.6	(0.7)	(21.7)	9.2	(2.6)	6.6
Inner Mongolia Haoxiang Pig Breeding Co. Ltd. (China) ¹	49%	–	(1.2)	(1.0)	(2.2)	–	(2.2)
Yan'an Xinyongxiang Technology Co., Ltd (China) ¹	49%	5.5	0.5	(5.6)	0.4	–	0.4
Chitale Genus ABS (India) Private Limited (India)	50%	0.3	–	(0.2)	0.1	–	0.1
Avlscenter Møllevang A/S ¹	49%	–	–	–	–	–	–
Xelect Limited (United Kingdom) ¹	39%	0.6	–	(0.5)	0.1	–	0.1
Società Agricola GENEETIC S.r.l. (Italy) ¹	33%	1.9	–	(1.7)	0.2	–	0.2
Società Agricola GENEETIC Service S.r.l. (Italy) ¹	33%	–	–	–	–	–	–
		39.9	(1.4)	(30.7)	7.8	(2.6)	5.2

¹ Classified as an associate. All other investments are classified as joint ventures.

Joint ventures and associates have a December year end, except Chitale Genus ABS (India) Private Limited, which has a March year end, and Xelect Limited, which has a June year end. Where the year end differs from the year of the Group this is due to local regulatory requirements.

18. EQUITY ACCOUNTED INVESTEEES CONTINUED**Joint ventures and associates – year ended 30 June 2021**

Net assets	Ownership	Cash and cash equivalent £m	Other current assets £m	Non-current assets £m	Biological assets £m	Total assets £m	Current liabilities £m	Total liabilities £m	Net assets £m
Agracores – P/C Genética de Suínos Ltda (Brazil)	49%	4.8	9.3	10.6	6.9	31.6	(5.1)	(5.1)	26.5
HY-CO Hybridschweine-Cooperations GmbH (Germany)	50%	–	0.1	–	–	0.1	–	–	0.1
Yan'an Xinyongxiang Technology Co., Ltd (China) ¹	49%	3.0	0.9	0.8	(0.9)	3.8	(0.4)	(0.4)	3.4
Chitale Genus ABS (India) Private Limited (India)	50%	–	0.3	1.4	–	1.7	(0.1)	(0.5)	1.2
AviScenter Møllevang A/S ¹	49%	–	–	–	–	–	–	–	–
Xelect Limited (United Kingdom) ¹	39%	0.1	0.1	2.4	–	2.6	(0.2)	(0.2)	2.4
Società Agricola GENEETIC S.r.l. (Italy) ¹	33%	–	0.2	0.4	–	0.6	(0.1)	(0.1)	0.5
Società Agricola GENEETIC Service S.r.l. (Italy) ¹	33%	–	–	–	–	–	–	–	–
		7.9	10.9	15.6	6.0	40.4	(5.9)	(6.3)	34.1

¹ Classified as an associate. All other investments are classified as joint ventures.

Income Statement	Ownership	Revenue £m	Net (AS 41) valuation movement on biological assets £m	Expenses £m	Operating profit £m	Taxation £m	Profit after tax £m
Agracores – P/C Genética de Suínos Ltda (Brazil)	49%	31.5	3.9	(21.2)	14.2	(3.0)	11.2
HY-CO Hybridschweine-Cooperations GmbH (Germany)	50%	–	–	–	–	–	–
Yan'an Xinyongxiang Technology Co., Ltd (China) ¹	49%	6.0	(0.8)	(3.3)	1.9	–	1.9
Chitale Genus ABS (India) Private Limited (India)	50%	0.4	–	(0.3)	0.1	–	0.1
AviScenter Møllevang A/S ¹	49%	–	–	(0.2)	(0.2)	–	(0.2)
Xelect Limited (United Kingdom) ¹	39%	0.2	–	(0.2)	–	–	–
Società Agricola GENEETIC S.r.l. (Italy) ¹	33%	0.8	–	(0.7)	0.1	–	0.1
Società Agricola GENEETIC Service S.r.l. (Italy) ¹	33%	–	–	–	–	–	–
		38.9	3.1	(25.9)	16.1	(3.0)	13.1

¹ Classified as an associate. All other investments are classified as joint ventures.

Joint ventures and associates have a December year end, except Chitale Genus ABS (India) Private Limited, which has a March year end, and Xelect Limited, which has a June year end. Where the year end differs from the year of the Group this is due to local regulatory requirements.

19. OTHER INVESTMENTS

We hold a number of unlisted and listed investments, mainly comprising our strategic investment in Caribou Biosciences, Inc. ('Caribou') and shares in listed entity National Milk Records plc ('NMR').

Accounting policies

Financial assets at fair value through other comprehensive income ('FVOCI') comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise as FVOCI. The Group considers this classification relevant as these are strategic investments.

Financial assets at FVOCI are adjusted to the fair value of the asset at the balance sheet date, with any gain or loss being recognised in other comprehensive income and held as part of other reserves. On disposal any gain or loss is recognised in other comprehensive income and the cumulative gains or losses are transferred from other reserves to retained earnings.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income statement, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through income statement are expensed in the Income Statement.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

19. OTHER INVESTMENTS CONTINUED

Other investments may include equity investments (where the Group does not have control, joint control or significant influence in the investee), short-term deposits with banks and other investments with original maturities of more than three months. Any dividends received are recognised in the Income Statement.

Investments carried at fair value	2022 £m	2021 £m
Listed equity shares – Caribou Biosciences, Inc.	4.4	10.4
Unlisted equity shares – Dairy LLC ('BoviSync')	2.2	1.2
Listed equity shares – NMR	2.1	2.0
Unlisted equity shares – Other	1.5	1.1
	10.2	14.7

We hold a strategic non-controlling interest in Caribou, which is measured at fair value using the valuation basis of a Level 1 classification. Caribou shares are publicly traded on the NASDAQ.

We hold a strategic non-controlling interest in BoviSync, a herd management software company. In January 2022, we increased our shareholding by a further £1.0m. The investment is measured at fair value and the valuation basis of a Level 3 classification. The fair value has been determined with reference to the equity purchase during the fiscal year.

NMR ordinary shares were acquired as part of the NMR pension agreement, and are measured at fair value. The valuation basis is Level 1 classification, where fair value techniques are quoted (unadjusted) prices in active markets for identical assets and liabilities.

Other unlisted equity investments primarily consist of strategic non-controlling interests in bovine technology companies, which are measured at fair value and the valuation basis is Level 3 classification, where fair value techniques use inputs which have a significant effect on the recorded fair value and are not based on observable market data.

20. INVENTORIES

Our inventory primarily consists of bovine semen, raw materials and ancillary products.

Accounting policies

Inventory (excluding biological assets' harvest) is stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average costs and comprises direct materials and, where appropriate, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

For our biological assets accounting policies, see note 16.

	2022 £m	2021 £m
Biological assets' harvest classed as inventories	20.9	17.8
Raw materials and consumables	3.6	2.9
Goods held for resale	26.4	16.3
	50.9	37.0

21. TRADE AND OTHER RECEIVABLES

Our trade and other receivables mainly consist of amounts owed to us by customers and amounts we pay to our suppliers in advance.

Accounting policies

We state trade and other receivables at their amortised cost less any impairment losses.

	2022 £m	2021 £m
Trade receivables	105.3	87.2
Less expected credit loss allowance	(4.3)	(5.0)
Trade receivables net of impairment	101.0	82.2
Other debtors	10.7	6.4
Prepayments	8.5	6.6
Contract assets (note 24)	7.7	7.7
Other taxes and social security	1.6	3.3
Current trade and other receivables	129.5	106.2
Other debtors	3.7	1.8
Contract assets (note 24)	4.9	–
Non-current other receivables	8.6	1.8
	138.1	108.0

21. TRADE AND OTHER RECEIVABLES CONTINUED**Trade receivables**

The average credit period our customers take on the sales of goods is 62 days (2021: 53 days). We do not charge interest on receivables for the first 30 days from the date of the invoice.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ('ECLs'). The ECLs on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the general economic conditions of the industry and country in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The Group recognises ECLs with reference to the following matrix, in accordance with the simplified approach permitted in IFRS 9. There has been no change in the estimation techniques during the current reporting period. A component of the calculation is the risk premium of the countries in which our customers operate. The risk premiums are updated on each reporting date, to reflect changes in the global economy.

		North America	Latin America	EMEA	Asia
2022	Risk premium (%)	1.0%	5.1%	3.5%	3.7%
	Trade receivables (£m)	31.1	22.3	39.3	12.6
2021	Risk premium (%)	1.6%	4.6%	3.1%	12.9%
	Trade receivables (£m)	26.0	18.9	32.2	10.1

The following table shows the movement in lifetime ECLs that has been recognised for trade receivables, in accordance with the simplified approach set out in IFRS 9.

	2022 £m	2021 £m
Balance at the start of the year	5.0	3.4
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	2.3	3.4
Amounts written off as uncollectable	-	(0.3)
Impairment losses reversed	(3.2)	(1.4)
Effect of movements in exchange rates	0.2	(0.1)
Balance at the end of the year	4.3	5.0

The aging of trade receivables is presented below:

Days past due	Trade receivables		Trade receivables net of impairment	
	2022 £m	2021 £m	2022 £m	2021 £m
Not yet due	81.7	67.8	79.3	65.3
0-30 days	11.7	9.6	11.4	9.1
31-90 days	7.4	6.5	7.2	5.1
91-180 days	3.0	1.8	2.5	1.7
Over 180 days	1.5	1.5	0.6	1.0
	105.3	87.2	101.0	82.2

No customer represents more than 5% of the total balance of trade receivables (2021: no more than 5%).

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Trade and other receivables denominated in currencies other than Sterling comprise £44.1m denominated in US Dollars (2021: £35.7m), £13.3m denominated in Euros (2021: £11.8m) and £49.7m denominated in other currencies (2021: £37.9m).

Other debtors

Included in other debtors is an amount of £3.5m (2021: £1.6) which comprises of security deposits held over farms being constructed.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2022

22. CASH AND CASH EQUIVALENTS

We hold cash and bank deposits which have a maturity of three months or less, to enable us to meet our short-term liquidity requirements.

Accounting policies

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand form an integral part of our cash management and are included in interest-bearing loans and borrowings less than one year.

	2022 £m	2021 £m
Cash at bank and in hand	38.8	46.0

The carrying amount of these assets approximates to their fair value.

The credit quality of cash and cash equivalents can be assessed by reference to external credit ratings of the counterparty where the account or deposit is placed.

Counterparties with external credit ratings	2022 £m	2021 £m
A to AA-	24.1	34.2
BBB- to BBB	8.0	6.4
B- to BB+	1.9	5.0
CCC to CCC-	0.3	0.4
No ratings	4.5	-
	38.8	46.0

Within our cash and cash equivalents there is a cash balance of £4.5m in our Russian entities of which £3.9m is not currently available to be used by the Group due to being received from, or held in, sanctioned banks.

23. TRADE AND OTHER PAYABLES

Our trade and other payables mainly consist of amounts we owe to our suppliers that have been invoiced or are accrued. They also include taxes and social security amounts due in relation to our role as an employer.

Accounting policies

Trade payables are not interest bearing and are stated at their nominal value.

	2022 £m	2021 £m
Trade payables	36.0	23.7
Other payables	8.2	7.6
Accrued expenses	61.4	60.2
Contract liabilities (note 24)	10.1	10.6
Other taxes and social security	9.0	8.2
Current trade and other payables	124.7	110.3
Contract liabilities (note 24)	0.2	1.4
Non-current trade and other payables	0.2	1.4

The average credit period taken for trade purchases is 39 days (2021: 27 days).

Other payables include an amount of £5.1m (2021: £3.0m) being repayable on demand with a third-party business partner.

Payables denominated in currencies other than Sterling comprise £55.9m denominated in US Dollars (2021: £43.8m), £11.8m denominated in Euros (2021: £10.5m) and £33.7m denominated in other currencies (2021: £32.6m).

The carrying values of these liabilities are a reasonable approximation of their fair values.

24. CONTRACT BALANCES

Accounting policy

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time, for example the completion of future performance obligations under the terms of the contract with the customer. In some instances, the Group receives payments from customers based on a billing schedule, as established in the contract, which may not match with the pattern of performance under the contract.

Where payment is received ahead of performance a contract liability will be created, and where performance obligations are satisfied ahead of billing, then a contract asset will be recognised.

24. CONTRACT BALANCES CONTINUED

	2022 £m	2021 £m
Current contract assets	7.7	77
Non-current contract assets	4.9	-
Contract assets (note 21)	12.6	77
Current contract liabilities	(10.1)	(10.6)
Non-current contract liabilities	(0.2)	(1.4)
Contract liabilities (note 23)	(10.3)	(12.0)
	Contract assets £m	Contract liabilities £m
Balance at 1 July 2020	5.1	(11.5)
Increases as a result of performance in advance of billing	35.8	-
Transfers to receivables during the year	(32.7)	-
Increases as a result of billing ahead of performance	-	(109.3)
Decreases as a result of revenue recognised in the year	-	108.1
Effect of movements in exchange rates	(0.5)	0.7
Balance at 30 June 2021	77	(12.0)
Increases as a result of performance in advance of billing	72.0	-
Transfers to receivables during the year	(67.3)	-
Increases as a result of billing ahead of performance	-	(80.8)
Decreases as a result of revenue recognised in the year	-	83.4
Effect of movements in exchange rates	0.2	(0.9)
Balance at 30 June 2022	12.6	(10.3)

In some cases, the Group receives payments from customers based on a billing schedule, as established in our contracts. The contract assets relate to revenue recognised for performance in advance of scheduled billing and have increased as the Group has provided more services ahead of the agreed payment schedules for certain contracts. The contract liability relates to payments received in advance of performance under contract and varies based on performance under these contracts.

The transaction price allocated to partially unsatisfied performance obligations at 30 June 2022 is £12.1m (2021: £3.6m). It is expected that the Group will recognise this revenue over the next four years.

25. PROVISIONS

A provision is a liability recorded in the Group Balance Sheet, where there is uncertainty over the timing or amount that will be paid, and is therefore estimated. The main provisions we hold relate to litigation damages, legal provisions, customer claims and share forfeiture.

Accounting policies

We recognise a provision in the Balance Sheet when an event results in the Group having a current legal or constructive obligation, and it is probable that we will have to settle the obligation through an outflow of economic benefits. If the effect is material, we discount provisions to their present value.

	ST litigation £m	Share forfeiture £m	Other provisions £m	Total £m
Balance at 1 July 2020	10.5	2.3	3.0	15.8
Additional provision in the year	0.2	-	2.7	2.9
Utilisation of provision	(0.2)	-	(2.3)	(2.5)
Release of provision	-	(2.0)	(0.4)	(2.4)
Effect of movement in exchange rates	(1.1)	-	(0.3)	(1.4)
Balance at 30 June 2021	9.4	0.3	2.7	12.4
Additional provision in the year	-	0.2	0.5	0.7
Utilisation of provision	(0.4)	-	(0.1)	(0.5)
Release of provision	(0.1)	-	(0.1)	(0.2)
Effect of movement in exchange rates	1.2	-	0.3	1.5
Balance at 30 June 2022	10.1	0.5	3.3	13.9

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2022

25. PROVISIONS CONTINUED

	2022 £m	2021 £m
Current	1.9	1.3
Non-current	12.0	11.1
	13.9	12.4

ST litigation relates specifically to our litigation only with Sexing Technologies, as described in note 7.

The share forfeiture provision of £0.5m relates to potential claims that could be made by untraced members over the next three years, relating to the resale proceeds of shares that were identified during the prior year as being forfeited.

Other provisions mainly relate to legal provisions (excluding ST litigation) and customers' claims. The timing and cash flows associated with the majority of legal claims are expected to be less than one year. However, for some legal claims the timing of cash flows may be long term in nature and are disclosed as such.

26. FINANCIAL INSTRUMENTS

This note details our treasury management and financial risk management objectives and policies, as well as the Group's exposure and sensitivity to credit, liquidity, interest and foreign exchange rate risk, and the policies in place to monitor and manage these risks.

Financial risk management objectives

The Group's corporate treasury function provides services to the business, coordinates our access to domestic and international financial markets, and monitors and manages the financial risks relating to the Group'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 Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Key financial risks and exposures are monitored through a monthly report to the Board of Directors, together with an annual Board review of corporate treasury matters.

Financial risk

The principal financial risks our activities expose us to are the risks of changes in foreign currency exchange rates, interest rates and commodity prices. We use derivative financial instruments to manage our exposure to interest rate, foreign currency and commodity price risks, including:

- > forward foreign exchange contracts, to hedge the exchange rate risk arising on the sale of goods and purchase of supplies in foreign currencies;
- > interest rate swaps, to mitigate the risk of rising interest rates; and
- > forward commodity contracts, to hedge commodity price risk.

Accounting policies

Financial instruments

Financial assets and liabilities in respect of financial instruments are recognised on the Group Balance Sheet when the Group becomes a party to the instrument's contractual provisions.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that provides a residual interest in the Group's assets after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Put option arrangements over non-controlling interest

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities.

The amount that may become payable under the option on exercise is initially recognised at present value within financial liabilities, with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interest, adjacent to non-controlling interest in the net assets of consolidated subsidiaries.

Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financing cost. If the option expires unexercised, the liability is derecognised, with a corresponding adjustment to equity.

Derivative financial instruments

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Income Statement depends on the nature of the hedge relationship.

26. FINANCIAL INSTRUMENTS CONTINUED

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements, unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The fair value of interest rate swaps is the estimated amount that we would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the creditworthiness of the swap counterparties.

The fair values of forward exchange contracts and forward commodity contracts are their quoted market price at the balance sheet date, which is the present value of the quoted forward price.

Hedging activities

The Group designates certain derivatives as hedging instruments in respect of foreign exchange risk, interest rate risk and commodity risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- > there is an economic relationship between the hedged item and the hedging instrument;
- > the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- > the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in Other Comprehensive Income and accumulated in the cost of hedging reserve. If the hedged item is transaction related, the time value is reclassified to the Income Statement when the hedged item affects the Income Statement. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to the Income Statement on a rational basis, applying straight-line amortisation. Those reclassified amounts are recognised in the Income Statement in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to the Income Statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve, and limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement and is included in the 'other gains and losses' line item.

Amounts previously recognised in Other Comprehensive Income and accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects the Income Statement, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect Other Comprehensive Income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to the Income Statement.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in Other Comprehensive Income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the Income Statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to the Income Statement.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed-rate debt held and the cash flow exposures on the issued variable-rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of the financial year.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

26. FINANCIAL INSTRUMENTS CONTINUED

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite directions, in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognised in Other Comprehensive Income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement, and is included in the 'other gains and losses' line item.

Gains and losses on the hedging instrument accumulated in the foreign currency translation reserve are reclassified to the Income Statement on the disposal or partial disposal of the foreign operation.

We only apply net investment hedge accounting in the Group Financial Statements.

Capital risk management

The Group manages its capital to ensure that Group entities can continue as going concerns, while maximising the return to shareholders by optimising our debt and equity balance. The Group's capital structure consists of debt, which includes the borrowings disclosed in note 27, cash and cash equivalents, and equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained earnings, as disclosed in note 31.

Gearing ratio

The Group keeps its capital structure under review and monitors it monthly to ensure the gearing ratio remains below 60%. The Group is not subject to externally imposed capital requirements. The gearing ratio at the year end was as follows:

	2022 £m	2021 £m
Debt (see note 27)	223.8	151.6
Cash and cash equivalents (see note 22)	(38.8)	(46.0)
Net debt (see note 32)	185.0	105.6
Equity	572.1	496.6
Net debt to equity ratio	32%	21%

Debt is defined as long and short-term borrowings, including lease obligations as detailed in note 27.

Equity includes all capital and reserves of the Group attributable to equity holders of the Parent.

26. FINANCIAL INSTRUMENTS CONTINUED**Categories of financial instruments**

We have categorised financial instruments held at valuation into a three-level fair value hierarchy, based on the priority of the inputs to the valuation technique in accordance with IFRS 13. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, we base the category level on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. We have estimated the fair values of the Group's outstanding interest rate swaps by calculating the present value of future cash flows, using appropriate market discount rates, representing Level 2 fair value measurements as defined by IFRS 13.

	2022 Carrying value				2021 Carrying value			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Other investments	6.5	–	3.7	10.2	2.0	10.4	2.3	14.7
Trade receivables and other debtors, excluding prepayments and contract assets (see note 21)	–	117.0	–	117.0	–	91.9	–	91.9
Cash and cash equivalents	–	38.8	–	38.8	–	46.0	–	46.0
Derivative instruments in non-designated hedge accounting relationships	–	1.0	–	1.0	–	0.1	–	0.1
Derivative instruments in designated hedge accounting relationships	–	2.2	–	2.2	–	–	–	–
	6.5	159.0	3.7	169.2	2.0	148.4	2.3	152.7
Financial liabilities								
Trade and other payables, excluding other taxes and social security (see note 23)	–	(115.9)	–	(115.9)	–	(102.1)	–	(102.1)
Loans and overdrafts (see note 27)	–	(189.2)	–	(189.2)	–	(123.3)	–	(123.3)
Leasing obligations (see note 28)	–	(34.6)	–	(34.6)	–	(28.3)	–	(28.3)
Derivative instruments in non-designated hedge accounting relationships	–	(0.9)	–	(0.9)	–	–	–	–
Derivative instruments in designated hedge accounting relationships	–	(0.3)	–	(0.3)	–	–	–	–
Put option over non-controlling interest	–	(7.0)	–	(7.0)	–	(6.1)	–	(6.1)
Deferred consideration (see note 38)	–	–	(1.5)	(1.5)	–	(0.4)	(1.7)	(2.1)
	–	(347.9)	(1.5)	(349.4)	–	(260.2)	(1.7)	(261.9)

We hold a strategic non-controlling interest in Caribou Biosciences, Inc ('Caribou'), presented above within Other Investments (note 19). In July 2021, Caribou shares started publicly trading on the NASDAQ, and was reclassified from a Level 2 instrument to Level 1. There have been no transfers between levels during the year.

Foreign currency risk management

We undertake transactions denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (excluding short-term amounts related to our ongoing trade, recognised as trade receivables and trade payables) at the reporting date were as follows:

	Liabilities		Assets	
	2022 £m	2021 £m	2022 £m	2021 £m
US Dollar	(88.0)	(677)	2.2	2.1
Euro	(11.3)	(12.1)	0.5	0.5
Canadian Dollar	(0.4)	–	–	–

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

26. FINANCIAL INSTRUMENTS CONTINUED

Foreign currency Income Statement sensitivity analysis

The Group is mainly exposed to movements in the US Dollar, Euro, Brazilian Real, Mexican Peso, Chinese Yuan and Russian Rouble exchange rates.

The following table details the Group's sensitivity to a 10% and 20% increase and decrease in Sterling against these currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management and represents our assessment of a significant change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% or 20% change in foreign currency rates. It includes external loans, as well as loans to foreign operations within the Group where the loan is denominated in a currency other than the lender or borrower's currency. A positive number below indicates an increase in profit when Sterling weakens against the relevant currency. A strengthening of Sterling against the relevant currency would produce an equal but opposite reduction in profit, and the balances below would be negative.

	20% currency movement		10% currency movement	
	2022 £m	2021 £m	2022 £m	2021 £m
Euro	2.8	2.4	1.4	1.2
US Dollar	1.2	1.2	0.6	0.6
Brazilian Real	2.7	2.8	1.3	1.4
Mexican Peso	3.1	2.8	1.5	1.4
Chinese Yuan	2.3	7.0	1.2	3.5
Russian Rouble	1.5	1.3	0.7	0.6

Forward foreign exchange contracts

The Group's policy is to enter into forward foreign exchange contracts, to cover specific foreign currency payments and receipts. The following table details the forward foreign currency contracts outstanding as at the year end:

	Average exchange rate		Foreign currency	Contract value		Fair value	
	2022	2021		2022 £m	2021 £m	2022 £m	2021 £m
Outstanding contracts							
Buy CHF	1.18	-	CHF	0.9	-	-	-
Sell CNY	8.2	9.03	CNY	1.2	2.0	-	-
Buy AUD	1.76	1.85	AUD	1.8	1.0	-	-
Buy PHP	67.01	-	PHP	0.3	-	-	-
Sell PHP	-	6778	PHP	-	0.1	-	-
Sell RUB	-	101.95	RUB	-	0.1	-	-
Buy EUR	0.86	0.86	EUR	7.2	8.8	-	-
Sell PLN	-	5.30	PLN	-	0.9	-	-
Buy MXN	24.74	28.03	MXN	2.9	5.6	0.1	0.1
Buy USD	1.23	-	USD	1.1	-	(0.1)	-
Sell USD	-	1.40	USD	-	4.7	-	(0.1)
Buy CHF/Sell EUR	1.01	-	CHF	3.4	-	-	-
Buy EUR/Sell CHF	-	1.09	CHF	-	0.3	-	-
Buy USD/Sell UAH	33.06	-	UAH	0.3	-	-	-
Buy USD/Sell BRL	4.90	5.05	BRL	1.8	1.8	0.1	-
Buy USD/Sell CLP	-	720.03	CLP	-	0.3	-	-
Buy USD/Sell CNY	6.69	6.43	CNY	3.7	1.7	-	-
Buy PHP/Sell USD	53.53	48.82	PHP	7.4	5.0	(0.2)	-
Buy CAD/Sell USD	1.29	-	CAD	0.4	-	-	-
Buy USD/Sell CAD	-	1.23	CAD	-	2.3	-	-
Buy USD/Sell EUR	1.06	1.19	EUR	0.3	2.3	-	-
Buy USD/Sell RUB	56.85	72.58	RUB	1.2	1.5	(0.1)	-
Buy USD/Sell INR	78.76	73.06	INR	1.3	2.8	-	-
Buy USD/Sell ZAR	16.09	14.41	ZAR	3.4	0.2	-	-
Buy USD/Sell ARS	129.69	97.85	ARS	0.3	0.2	-	-
						(0.2)	-

26. FINANCIAL INSTRUMENTS CONTINUED**Interest rate risk management**

The Group is exposed to interest rate risk, as Group entities borrow funds at both fixed and floating interest rates. We manage this risk centrally, by maintaining an appropriate mix between fixed and floating rate borrowings, using interest rate swaps. We regularly review our hedging activities, to align with our interest rate views and defined risk appetite, thereby ensuring we apply optimal hedging strategies to minimise the adverse impact of fluctuations in interest expense through different interest rate cycles.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

We have determined the sensitivity analyses below, based on the Group's exposure to interest rates for both derivatives and non-derivative instruments, at the balance sheet date. For floating rate liabilities, we prepared the analysis assuming the liability outstanding at the balance sheet date was outstanding for the whole year. A 1.0 percentage point increase or decrease is used when reporting interest rate risk internally to key management and is our assessment of a significant change in interest rates.

If interest rates had been 1.0 percentage point higher or lower and all other variables were held constant, the Group's profit would have decreased or increased by £1.8m (2021: decrease/increase by £1.2m). This impact is smaller than would otherwise be the case, due to our fixed-rate hedging.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts, calculated on agreed notional principal amounts. These contracts enable us to mitigate the risk of changing interest rates on the cash flow exposures on the variable-rate debt we hold. We determine the fair value of interest rate swaps at the reporting date by discounting the future cash flows, using the yield curves at the reporting date and the credit risk inherent in the contract. This fair value is disclosed on the following page. The average interest rate is based on the outstanding balances at the end of the financial year.

Cash flow hedges

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding, as at the reporting date:

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2022 %	2021 %	2022 £m	2021 £m	2022 £m	2021 £m
Outstanding receive floating pay fixed contracts						
USD interest rate swaps						
One to five years	3.32	–	37.0	–	(0.3)	–
EUR interest rate swaps						
One to five years	0.36	–	21.5	–	0.6	–
GBP interest rate swaps						
One to five years	–	1.13	–	5.0	–	–

The interest rate swaps settle on a quarterly basis. The corresponding floating rate on the interest rate swaps is three months. We settle the difference between the fixed and floating interest rate on a net basis.

Interest rate swap contracts that exchange floating-rate interest amounts for fixed-rate interest amounts are designated as cash flow hedges, to reduce our cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and we recognise the amount deferred in equity in the Income Statement, over the period that the floating rate interest payments on debt affect the Income Statement.

Commodity hedges

The Group hedges both feed and slaughter exposures using Chicago Mercantile Exchange lean hog, corn and soybean meal commodity futures contracts.

	Average price		Notional principal amount		Fair value	
	2022 US\$	2021 US\$	2022 £m	2021 £m	2022 £m	2021 £m
Commodity hedge						
Open commodity contracts as at June						
Lean hog	0.92	0.79	10.2	7.6	(0.1)	(0.8)
Corn	6.87	4.78	(4.9)	(4.3)	0.1	1.0
Soybean meal	390	382	(3.0)	(3.5)	0.1	(0.1)
			2.3	(0.2)	0.1	0.1

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

26. FINANCIAL INSTRUMENTS CONTINUED

Net investment hedges

The Group's Net Investment Policy is to hedge up to 70% of the Net Investment Value of its wholly owned subsidiaries. The Group has a pre-existing EUR12.5m Net Investment Hedge originally entered into on 25 November 2019 as a EUR 5 million hedge and subsequently increased to EUR 12.5 million on 28 June 2021 where the Group designated the first EUR 12.5 million of the net assets of Pig Improvement Company España S.A. and Bovec S.A. as a hedged item using EUR 12.5 million of borrowings as a net investment hedge. In February 2022, the Group entered into an additional Net Investment Hedge designating the first EUR 25 million Net Assets of its subsidiary Fyfield Holland BV net as the hedged item in a Net Investment Hedge using USD28m of borrowings converted to a EUR25m liability using a cross currency swap as the related hedging instrument. The Company entered into the EUR25m Cross Currency Swap on 28 February 2022 generating a synthetic EUR25m liability to match the equivalent portion of its investment in this subsidiary.

The table below shows a reconciliation of the gains or loss deferred in equity:

	2022 £m	2021 £m
Loss at the start of the year	(0.1)	(0.5)
Effective (losses)/gains recognised in equity in period	(0.7)	0.4
Balance carried forward in equity as effective losses	(0.8)	(0.1)

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. We have a policy of only dealing with creditworthy counterparties. We regularly monitor our exposure and the credit ratings of our counterparties, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure on financial instruments is controlled by counterparty limits that the Board reviews and approves annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. We carry out ongoing credit evaluation of the financial condition of accounts receivable.

Liquidity risk management

The Board of Directors has ultimate responsibility for managing liquidity risk. We manage this risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

For non-derivative financial liabilities, see notes 27, 28 and 38.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities, excluding trade payables and other creditors which are short term and, as disclosed in note 23, have an average credit period of 39 days (2021: 27 days). We have drawn up the table based on the undiscounted cash flows of financial liabilities, using the earliest date on which we can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month £m	1-3 months £m	3 months- 1 year £m	1-5 years £m	5+ years £m	Total £m
2022							
Loans and borrowings	2.31	8.4	1.2	4.6	183.0	-	197.2
Lease liabilities	2.91	1.0	3.0	6.8	20.7	6.1	37.6
Deferred consideration	-	-	-	-	0.5	-	0.5
Variable interest rate instruments	2.41	9.4	4.2	11.4	204.2	6.1	235.3
2021							
Loans and borrowings	1.13	6.9	0.4	9.9	111.5	-	128.7
Lease liabilities	2.81	-	2.4	7.1	21.3	2.8	33.6
Deferred consideration	-	-	0.1	1.2	0.4	-	1.7
Variable interest rate instruments	1.66	6.9	2.9	18.2	133.2	2.8	164.0

The following table details the Group's expected maturity for other non-derivative financial assets, excluding trade receivables and other debtors. We have drawn up this table based on the undiscounted contractual maturities of the assets, including interest we will earn on them, except where we expect the cash flow to occur in a different period.

	Weighted average effective interest rate %	Less than 1 month £m	1-3 months £m	3 months- 1 year £m	1-5 years £m	5+ years £m	Total £m
2022							
Variable interest rate instruments	1.12	38.8	-	-	-	-	38.8
2021							
Variable interest rate instruments	1.03	38.2	-	7.8	-	-	46.0

26. FINANCIAL INSTRUMENTS CONTINUED

The Group has financing facilities with a total unused amount of £77.8m (2021: £129.3m) at the balance sheet date. We expect to meet our other obligations from operating cash flows and the proceeds of maturing financial assets. We expect to reduce the debt to equity ratio, as borrowings decrease through repayment from operating cash flows.

The following table details the Group's liquidity analysis for its derivative financial instruments. We have drawn up the table based on the undiscounted net cash outflows on derivative instruments that settle on a net basis and the undiscounted gross outflows on derivatives that require gross settlement. When the amount payable or receivable is not fixed, we have determined the amount disclosed by reference to the projected interest and foreign currency rates, as illustrated by the yield curves at the reporting date.

	Less than 1 month £m	1–3 months £m	3 months– 1 year £m	1–5 years £m	5+ years £m	Total £m
2022						
Foreign exchange contracts	(0.2)	–	–	–	–	(0.2)
Commodity swaps	–	–	0.1	–	–	0.1
Interest rate swaps	–	0.1	0.2	0.1	–	0.4
2021						
Foreign exchange contracts	–	–	–	–	–	–
Commodity swaps	0.3	(0.1)	(0.1)	–	–	0.1
Interest rate swaps	–	–	–	–	–	–

Commodity swaps and interest rate swaps are always settled on a net basis. Foreign exchange contracts can be settled on a net or gross basis; the net cash flows presented in the table above reflect an inflow of £73.7m and outflow of £73.9m (2021: inflow of £88.4m and outflow of £88.4m).

27. LOANS AND BORROWINGS

The Group's borrowing for funding and liquidity purposes comes from a range of committed bank facilities.

Interest-bearing loans and borrowings

We initially recognise interest-bearing loans and borrowings at their fair value, less attributable transaction costs. After this initial recognition, we state them at amortised cost and recognise any difference between the cost and redemption value in the Income Statement over the borrowings' expected life, on an effective interest rate basis. The carrying values of these liabilities are a reasonable approximation of their fair values.

	2022 £m	2021 £m
Non-current liabilities		
Unsecured bank loans	182.1	109.4
Obligations under leases	24.5	19.3
	206.6	128.7
Current liabilities		
Unsecured bank loans and overdrafts	7.1	13.9
Obligations under leases	10.1	9.0
	17.2	22.9
Total interest-bearing liabilities	223.8	151.6

Terms and debt repayment schedule

Terms and conditions of outstanding loans and overdrafts were as follows:

	Currency	2022 Interest rate	2022 £m	2021 £m
Revolving credit facility and overdraft	GBP	2.6%	95.9	43.2
Revolving credit facility, term loan and overdraft	USD	3.0%	77.3	59.7
Revolving credit facility and overdraft	EUR	1.4%	10.8	10.7
Obligations under leases	USD	2.0%	34.6	28.3
Other unsecured bank borrowings	Other	2.2%	5.2	9.7
Total interest-bearing liabilities			223.8	151.6

The above revolving credit facilities are unsecured. Information about the Group's exposure to interest rate and foreign currency risks is shown in note 26.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

27. LOANS AND BORROWINGS CONTINUED

Loans and borrowings (excluding leases) comprise amounts falling due:	2022 £m	2021 £m
In one year or less or on demand	8.0	14.7
in more than one year but not more than two years	–	–
In more than two years but not more than five years	182.3	109.9
	190.3	124.6
Less: unamortised issue costs	(1.1)	(1.3)
	189.2	123.3
Current liabilities	(7.1)	(13.9)
Non-current liabilities	182.1	109.4

At the balance sheet date, the Group's credit facilities comprised a £150m multi-currency revolving credit facility ('RCF'), a USD125 million RCF and a USD20 million bond and guarantee facility. The original term of the facility was for three years to 24 August 2023 with the option to extend the maturity date by a further year before each of the first and second anniversaries of the signing date. The Company's credit facility also includes an uncommitted £100m accordion option, which can be requested on a maximum of three occasions over the lifetime of the facility to fund the Group's business development plans. On 24 August 2021, the Group and its lenders extended the facility by a further year to 24 August 2024.

With effect from 26 August 2022, the Group and its lenders increased the Company's multi-currency RCF by £40m to £190m and the USD RCF by USD25m to USD150m, and extended the maturity date of the total facilities to 24 August 2025.

As part of its interest rate hedging strategy, the Group has entered into interest rate swaps to hedge variable interest rates. At the balance sheet date, bank loan and overdrafts include borrowings of USD45m fixed at 3.3175%, and borrowings of USD28m, swapped via a cross currency swap into EUR25m, fixed at 0.3625%, excluding applicable bank margins.

28. OBLIGATIONS UNDER LEASES

A lease is a commitment to make a payment in the future, primarily in relation to property, plant and machinery and motor vehicles.

Accounting policies

In accordance with IFRS 16, we recognise as an expense any payments made in respect of short-term leases (those with a term of less than 12 months) and leases for low-value items on a straight-line basis over the life of the lease.

For all other leases we recognise a liability at the date at which the leased asset is made available for use, and a corresponding right-of-use asset is recognised and depreciated over the term of the lease (see note 17).

Lease liabilities are measured at the present value of the future lease payments, excluding any payments relating to non-lease components. Future lease payments include fixed payments, in-substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable. Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options, to the extent that it is reasonably certain that such payments will be made. The payments are discounted at the rate implicit in the lease or, where that cannot be measured, at an incremental borrowing rate.

We remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- > The lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- > The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- > A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The changes in the lease liabilities are as follows:

	2022 £m	2021 £m
Balance at the start of the year	28.3	31.1
Leases entered into during the year	15.7	10.4
Leases terminated early	(0.3)	(1.0)
Payments made	(12.4)	(12.5)
Interest	1.1	0.8
Effect of movements in exchange rates	2.2	(0.5)
Balance at the end of the year	34.6	28.3
Current	10.1	9.0
Non-current	24.5	19.3
	34.6	28.3

At 30 June 2022, the Group is committed to £0.1m (2021: £0.1m) for short-term leases.

28. OBLIGATIONS UNDER LEASES CONTINUED

We have drawn up the table based on the undiscounted cash flows of the obligations under leases, using the earliest date on which we can be required to pay

	2022 £m	2021 £m
FY22	-	9.5
FY23	10.8	8.0
FY24	8.2	6.1
FY25	5.7	4.0
FY26	4.1	2.4
FY27	2.7	1.4
FY28	2.0	1.2
FY29	1.8	0.7
FY30	1.2	0.2
After FY30	1.1	0.1
	37.6	33.6
Presented as:		
Current	10.8	9.5
Non-current	26.8	24.1
	37.6	33.6

Lease obligations denominated in currencies other than Sterling comprise £16.0m denominated in US Dollars (2021: £15.9m), £4.0m denominated in Euros (2021: £2.7m) and £10.6m denominated in other currencies (2021: £3.0m).

29. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined contribution and defined benefit pension schemes covering many of its employees. The principal funds are the Milk Pension Fund ('MPF') and the Dalgety Pension Fund ('DPF') in the UK, which are defined benefit schemes. The assets of these funds are held separately from the Group's assets, are administered by trustees and managed professionally.

Accounting policies**Defined contribution pension schemes**

A number of our employees are members of defined contribution pension schemes. We charge contributions to the Income Statement as they become payable under the scheme rules. We show differences between the contributions payable and the amount we have paid as either accruals or prepayments in the Balance Sheet. The schemes' assets are held separately from the Group's assets.

Defined benefit pension schemes

The Group operates defined benefit pension schemes for some of its employees. These schemes are closed to new members and to further accrual. We calculate our net obligation separately for each scheme, by estimating the amount of future benefit that employees have earned, in return for their service to date. We discount that benefit to determine its present value and deduct the fair value of the plan's assets (at bid price). The liability discount rate we use is the market yield at the balance sheet date on high-quality corporate bonds, with terms to maturity approximating our pension liabilities. Qualified actuaries perform the calculations, using the projected unit method.

We recognise actuarial gains and losses in equity in the period in which they occur, through the Group Statement of Comprehensive Income. Actuarial gains and losses include the difference between the expected and actual return on scheme assets and experience gains and losses on scheme liabilities.

Genus and the other participating employers are jointly and severally liable for the MPF's obligations. We account for our section of the scheme and our share of any orphan assets and liabilities, and provide for any amounts we believe we will have to pay under our joint and several liability. The joint and several liability also means we have a contingent liability for the scheme's obligations that we have not accounted for.

Under the joint and several liability, we initially recognise any changes in our share of orphan assets and liabilities in the Income Statement. After this initial recognition, any actuarial gains and losses on the orphan assets and liabilities are recognised directly in equity through the Group Statement of Changes in Equity, in the period in which they occur.

During the year, the DPF defined benefit pension scheme purchased annuities in order to hedge longevity risk for pensioners within the scheme. As permitted by IAS 19, the Group has opted to recognise the difference between the fair value of the plan assets and the cost of the policy as an actuarial loss in Other Comprehensive Income.

We measure the fair value our qualifying insurance policy assets to be the deemed present value of the related obligation.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2022

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Retirement benefit obligations

The financial positions of the defined benefit schemes, as recorded in accordance with IAS 19 and IFRIC 14, are aggregated for disclosure purposes. The liability split by principal scheme is set out below.

	2022 £m	2021 £m
The Milk Pension Fund – Genus's share	–	2.2
The Dalgety Pension Fund	–	–
National Pig Development Pension Fund	0.1	0.3
Post-retirement healthcare	0.6	0.6
Other unfunded schemes	7.6	8.0
Overall net pension liability	8.3	11.1

Overall, we expect to pay £1.0m (2021: £4.1m) in contributions to defined benefit plans in the 2023 financial year.

The defined benefit plans are administered by trustee boards that are legally separated from the Group. The trustee board of each pension fund consists of representatives who are employees, former employees or are independent from the Company. The boards of the pension funds are required by law to act in the best interest of the plan participants and are responsible for setting certain policies, such as investment and contribution policies, and for the governance of the fund.

The defined benefit pension schemes expose the Group to actuarial risks such as greater than expected longevity of members, lower than expected return on investments and higher than expected inflation, which may increase the plans' liabilities or reduce the value of their assets.

UK pensions are regulated by The Pensions Regulator, a non-departmental public body established under the Pensions Act 2004 and sponsored by the Department for Work and Pensions, operating within a legal regulatory framework set by the UK Parliament. The Pensions Regulator has statutory objectives set out in legislation, which include promoting and improving understanding of the good administration of work-based pensions, protecting member benefits and regulating occupational defined benefit and contribution schemes. The Pensions Regulator's statutory objectives and regulatory powers are described on its website at thepensionsregulator.gov.uk.

All defined benefit schemes are registered as an occupational pension plan with HMRC and are subject to UK legislation and oversight from The Pensions Regulator. UK legislation requires that pension schemes are funded prudently and valued at least every three years. Separate valuations are required for each scheme. Within 15 months of each valuation date, the plan trustees and the Group must agree any contributions required to ensure that the plan is fully funded over time, on a suitably prudent measure.

Funding plans are individually agreed with the respective trustees for each of the Group's defined benefit pension schemes, taking into account local regulatory requirements.

On 20 November 2020, the High Court ruled that individual transfer payments made since 17 May 1990 would need to be equalised for the effects of GMP. This judgment followed on from the previous judgment on 26 October 2018, where the High Court ruled that schemes had a legal obligation to pay benefits allowing for GMP equalisation, resulting in an additional liability being recognised. The previous judgment had not considered historic transfer values. Genus's pension schemes are also affected by this ruling, resulting in an aggregate past service charge of £2.3m in the period, being £0.9m for the DPF and £1.4m for the MPF.

The Milk Pension Fund ('MPF')

The MPF was previously operated by the Milk Marketing Board and was also open to staff working for Milk Marque Ltd (the principal employer, now known as Community Foods Group Limited), National Milk Records plc, First Milk Ltd, hauliers associated to First Milk Ltd, Dairy Farmers of Britain Ltd (which went into receivership in June 2009) and Milk Link Ltd.

We have accounted for our section of the scheme and our share of any orphan assets and liabilities, which together represent approximately 86% of the MPF (2021: 86%). Although the MPF is managed on a sectionalised basis, it is a 'last man standing scheme', which means that all participating employers are jointly and severally liable for all of the fund's liabilities. With effect from 30 June 2013, Genus's remaining active members ceased accruing benefits in the fund and became deferred pensioners.

The most recent actuarial triennial valuation of the MPF was at 31 March 2021 and was carried out by qualified actuaries. The valuation has been agreed by the trustees.

The principal actuarial assumptions adopted in the 2021 valuation were that:

- > investment returns on existing assets would exceed fixed-interest gilt yields by 1.6% per annum until 31 March 2030, then by 0.5% per annum thereafter;
- > Consumer Price Index ('CPI') price inflation is expected to be 0.7% per annum lower than Retail Price Index ('RPI') price inflation until 31 March 2030, then less 0.1% p.a. thereafter; and
- > pensions in payment and pensions in deferment would increase in future in line with CPI price inflation, subject to various minimum and maximum increases.

At 31 March 2021, the market value of the fund's assets was £492m. This represented approximately 103% of the value of the uninsured liabilities, which were £480m at that date.

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The surplus in the fund as a whole, by reference to the 31 March 2021 valuation, was £12m (of which Genus's notional share was £10m). Reflecting the improvement in the funding position and with effect from 1 September 2021, no deficit repair contributions are payable but funding the scheme's operating expenses of £1.1m per annum was agreed to be paid, rising thereafter by 3.4% per annum until 30 September 2026.

The disclosures required under IAS 19 have been calculated by an independent actuary, based on accurate calculations carried out as at 31 March 2021 and updated to 30 June 2022.

At 30 June 2022, the MPF was in an overall net pension asset position of £71.4m. However, the Company does not have the unilateral right to this surplus and therefore in line with IFRIC 14, the recognition of this asset is restricted.

Dalgety Pension Fund ('DPF')

The most recent actuarial valuation of the DPF was at 31 March 2021 and was carried out by qualified actuaries.

The principal actuarial assumptions adopted in the 2021 valuation were that:

- > investment returns on existing assets is gilt yields less 0.35% per annum;
- > CPI price inflation is expected to be 0.7% per annum lower than RPI price inflation until 2030, then RPI curve from 2030 onwards; and
- > pensions in payment and pensions in deferment would increase in future in line with CPI price inflation, subject to various minimum and maximum increases.

The market value of the available assets at 31 March 2021 was £938m. The value of those assets represented approximately 100% of the value of the uninsured liabilities, which were £937m at 31 March 2021. Under the funding agreement, the Company will not have to make deficit repair contributions.

The disclosures required under IAS 19 have been calculated by an independent actuary, based on accurate calculations carried out as at 31 March 2021 and updated to 30 June 2022.

At 30 June 2022, the DPF, which includes a £20.5m separate reserve held against future unknown liabilities materialising, was in an overall net pension asset position of £6.6m. However, the Company does not have the unilateral right to this surplus and therefore in line with IFRIC 14, the recognition of this asset is restricted.

The primary 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. The value of the policy and related liabilities at 30 June 2022 was £528m (2021: £654m). We do not have any legal rights to any surplus relating to these bulk annuity policies.

National Pig Development Company Pension Fund ('NPD')

The Group operates a closed defined benefit scheme for a small number of former employees of the National Pig Development Company Limited. The total market value of scheme assets and liabilities at 30 June 2022, under the provisions of IAS 19, were £5.4m (2021: £6.3m) and £5.5m (2021: £6.6m), respectively.

The most recent actuarial triennial valuation of the NPD was at 30 June 2020 and was carried out by qualified actuaries. The valuation has been agreed by the trustees.

The principal actuarial assumptions adopted in the 2020 valuation were that:

- > investment returns on existing assets is gilt yields less 0.35% per annum;
- > CPI price inflation is expected to be 0.5% per annum lower than RPI price inflation; and
- > pensions in payment and pensions in deferment would increase in future in line with CPI price inflation, subject to various minimum and maximum increases.

The market value of the available assets at 30 June 2020 was £6.1m. The value of those assets represented approximately 68% of the value of the uninsured liabilities, which were £9.0m at 30 June 2020. Under the trustee prepared schedule of contributions, Genus is required to make deficit repair contributions of £500,000 per annum commencing 1 July 2021.

The disclosures required under IAS 19 have been calculated by an independent actuary, based on accurate calculations carried out as at 30 June 2020 and updated to 30 June 2022.

Other unfunded schemes

When the Group acquired Sygen International plc in 2005, it also acquired three unfunded defined benefit schemes and an unfunded retirement health benefit plan, which it now operates for the benefit of the previous Group's senior employees and Executives.

Unfunded defined benefits schemes

The scheme liabilities for the three unfunded defined benefit schemes amounted to £6.1m (2021: £6.6m), based on IAS 19's methods and assumptions. This amount is included within pension liabilities in the Group Balance Sheet. It also operates several unfunded defined benefits which amounted to £1.6m (2021: £1.4m). Interest on pension scheme liabilities amounted to £0.2m (2021: £0.2m). The disclosures required under IAS 19 have been calculated by an independent actuary, using the principal assumptions used to calculate the scheme liabilities as for the defined benefit schemes.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2022

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Post-retirement healthcare

The scheme liabilities for the unfunded retirement health benefit plan amounted to £0.5m (2021: £0.6m), based on IAS 19's methods and assumptions. This amount is included within retirement benefit obligations in the Group Balance Sheet. Interest on plan liabilities amounted to £nil (2021: £nil).

The principal assumptions used to calculate the plan liabilities were that the discount rate would be 3.9% (2021: 1.90%) and that the long-term rate of medical expense inflation would be 6.9% (2021: 6.9%).

Aggregated position of defined benefit schemes

	2022 £m	2021 £m
Present value of funded obligations (includes Genus's 86% share of MPF (2021: 86%))	857.6	1,097.7
Present value of unfunded obligations	8.4	8.9
Total present value of obligations	866.0	1,106.6
Fair value of plan assets (includes Genus's 86% share of MPF (2021: 86%))	(936.3)	(1,147.2)
Restricted recognition of asset (MPF and DPF)	78.6	8.8
Recognition of additional liability (MPF)	-	42.9
Recognised liability for defined benefit obligations	8.3	11.1

Each of the defined benefit schemes manages risks through a variety of methods and strategies, including equity protection, to limit the downside risk of falls in equity markets, as well as inflation and interest rate hedging. By funding its defined benefits schemes, the Group is exposed to the risk that the cost of meeting its obligations is higher than anticipated. This could occur for several reasons, for example:

- > Investment returns on the schemes' assets may be lower than anticipated, especially if falls in asset values are not matched by similar falls in the value of the schemes' liabilities.
- > The level of price inflation may be higher than that assumed, resulting in higher payments from the schemes.
- > Scheme members may live longer than assumed, for example due to advances in healthcare. Members may also exercise (or not exercise) options in a way that leads to increases in the schemes' liabilities, for example through early retirement or commutation of pension for cash.
- > Legislative changes could also lead to an increase in the schemes' liabilities.

Aggregated position of defined benefit schemes

The fair value of the total plan assets at the end of the reporting period for each category is as follows:

	Level 1 £m	Level 2 £m	Level 3 £m	2022 £m	Level 1 £m	Level 2 £m	Level 3 £m	2021 £m
Equities	-	28.1	-	28.1	-	58.5	-	58.5
Diversified growth funds	-	59.5	-	59.5	0.2	98.0	-	98.2
Liability driven investments	-	122.3	-	122.3	-	116.8	-	116.8
Gilts and corporate bonds	-	100.5	-	100.5	-	121.1	-	121.1
Cash	4.3	4.3	-	8.6	1.6	4.1	-	5.7
Property	2.7	-	35.4	38.1	3.9	-	34.4	38.3
Direct lending	-	2.5	32.8	35.3	-	3.7	27.4	31.1
Bulk annuity policy	-	-	543.9	543.9	-	-	677.5	677.5
Other	-	-	-	-	-	-	-	-
	7.0	317.2	612.1	936.3	5.7	402.2	739.3	1,147.2

Note:

Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2: valued using techniques based on information that can be obtained from observable market data.

Level 3: valued using techniques incorporating information other than observable market data.

Movement in the liability for defined benefit obligations

	2022 £m	2021 £m
Liability for defined benefit obligations at the start of the year (including the bulk annuity policy (DPF))	1,106.6	1,169.3
Benefits paid by the plans	(55.7)	(57.8)
Current service costs and interest	20.7	18.8
Actuarial losses (gains) recognised on fund liabilities arising from changes in demographic assumptions	7.0	(2.7)
Actuarial gains recognised on fund liabilities arising from changes in financial assumptions	(220.0)	(22.4)
Actuarial losses (gains) recognised on fund liabilities arising from experience (other)	6.1	(0.9)
Reclassified from accruals	-	0.7
Past service cost	0.4	2.3
Exchange rate adjustment	0.9	(0.7)
Liability for defined benefit obligations at the end of year	866.0	1,106.6

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED**Movement in plan assets**

	2022 £m	2021 £m
Fair value of plan assets at the start of the year (including the bulk annuity policy (DPF))	1,147.2	1,182.5
Administration expenses	(0.4)	(0.4)
Reclassified from accruals	–	0.3
Contributions paid into the plans	3.5	7.4
Benefits paid by the plans	(55.7)	(57.8)
Interest income on plan assets	21.3	18.9
Actuarial losses recognised in equity	(179.6)	(3.7)
Fair value of plan assets at the end of the year	936.3	1,147.2

Aggregated position of defined benefit schemes**Summary of movements in Group deficit during the year**

	2022 £m	2021 £m
Deficit in schemes at the start of the year	(11.1)	(18.1)
Administration expenses	(0.4)	(0.4)
Exceptional cost	(0.4)	(2.3)
Reclassified from accruals	–	(0.4)
Contributions paid into the plans	3.5	7.4
Net pension finance cost	(0.2)	(0.3)
Actuarial gains recognised during the year	27.3	22.3
Movement in restriction of assets	(69.8)	(0.1)
Release/(recognition) of additional liability	43.7	(19.9)
Exchange rate adjustment	(0.9)	0.7
Deficit in schemes at the end of the year	(8.3)	(11.1)

Amounts recognised in the Group Income Statement

	2022 £m	2021 £m
Administrative expenses	0.4	0.4
Interest obligation	20.7	18.8
Interest income on plan assets	(21.3)	(18.9)
Interest on additional liability	0.8	0.4
Exceptional cost	0.4	2.3
	1.0	3.0

The expense is recognised in the following line items in the Group Income Statement

	2022 £m	2021 £m
Administrative expenses	0.4	0.4
Exceptional cost	0.4	2.3
Net finance charge	0.2	0.3
	1.0	3.0

Actuarial losses/(gains) recognised in the Group Statement of Comprehensive Income

	2022 £m	2021 £m
Cumulative loss at the start of the year	60.3	63.3
Actuarial gains recognised during the year	(27.3)	(22.3)
Movement in restriction of assets	69.8	0.1
(Release)/(recognition) of additional liability	(43.7)	19.9
Exchange rate adjustment	0.9	(0.7)
Cumulative loss at the end of the year	60.0	60.3

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

29. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Actuarial assumptions and sensitivity analysis

Principal actuarial assumptions (expressed as weighted averages) are:

	2022	2021
Discount rate	3.90%	1.90%
Consumer Price Index	2.40%	2.10%
Retail Price Index	2.90%	2.85%

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 2022, the mortality tables used are 100% of the S3PMA (males)/S3PFA_M (females) all lives tables, with birth year and 2021 CMI projections with a smoothing parameter of $S_k = 7.0$ and $A = 0.5\%$, subject to a long-term rate of improvement of 1.5% for males and females and for 2021, the mortality tables used are 97% of the S2NA tables, with birth year and 2021 CMI projections with a smoothing parameter of $S_k = 7.0$ and $A = 0\%$, subject to a long-term rate of improvement of 1.25% for males and females.

Aggregated position of defined benefit schemes

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

		2022 Years	2021 Years
Retiring at balance sheet date at age 65	Male	22.6	22.0
	Female	24.4	24.4
Retiring at age 65 in 20 years' time	Male	24.2	23.3
	Female	26.2	25.9

Duration of benefit obligations

	2022 Years	2021 Years
Weighted average duration of the defined benefit obligations	11.4	13.8
Weighted average duration of the defined benefit obligations, excluding defined benefit obligations backed by purchased annuities	14.3	17.1

Sensitivity analysis

Measurement of the Group's defined benefit obligation is sensitive to changes in certain key assumptions. The sensitivity analysis below shows how a reasonably possible increase or decrease in a particular assumption would, in isolation, result in an increase or decrease in the present value of the defined benefit obligation as at 30 June 2022. We have included additional sensitivity analysis, which excludes the value of our defined benefit obligations backed by purchased annuities, as the asset value is the deemed present value of obligations, with no movement to the overall scheme deficits. Given recent market volatility due to the impact of COVID-19 and the conflict in Ukraine, we continue to use a sensitivity analysis of 0.5%.

	Discount rate		Rate of inflation		Life expectancy	
	Decrease by 0.5% £m	Increase by 0.5% £m	Decrease by 0.5% £m	Increase by 0.5% £m	Decrease by 1 year £m	Increase by 1 year £m
Increase/(decrease) in present value of defined obligation	55.7	(54.0)	(40.0)	39.5	(37.7)	37.7
Excluding purchased annuity obligations						
Increase/(decrease) in present value of defined obligation	20.7	(20.1)	(14.9)	14.7	(14.0)	14.0

The sensitivity analysis may not be representative of an actual change in the defined benefit obligation, as it is unlikely that changes in assumptions would occur in isolation from one another.

The sensitivities assume the funds' assets remain unchanged. However, in practice changes in interest rates and inflation will also affect the value of the funds' assets. The funds' investment strategy is to hold matching assets with values that move in line with the liabilities of the fund, to protect against changes in interest rates and inflation.

This sensitivity analysis has been prepared using the same method adopted when adjusting results of the latest funding valuation to the balance sheet date. This is the same approach adopted in previous periods.

The history of experience adjustment is as follows:

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Present value of the defined benefit obligation	866.0	1,106.6	1,169.3	1,179.5	1,094.7
Fair value of plan assets	(936.3)	(1,147.2)	(1,182.5)	(1,201.1)	(1,129.3)
Restrict recognition of asset and recognition of additional liability	78.6	51.7	31.3	45.8	68.5
Deficit in the plans	8.3	11.1	18.1	24.2	33.9
Experience adjustments arising on plan liabilities (%)	21.0	2.1	1.8	4.8	2.7
Experience adjustments arising on plan assets (%)	19.3	2.4	1.6	2.5	1.0

30. SHARE-BASED PAYMENTS

We have a number of share plans used to award shares to Directors and senior management as part of their remuneration. To record the cost of these, a charge is recognised over the vesting period in the Group Income Statement, based on the fair value of the award on the date of grant.

Accounting policies

We recognise the fair value of share awards and options granted as an employee expense, with a corresponding increase in equity. We measure the fair value at the grant date and spread it over the vesting period of each option. We use a binomial valuation model to measure the fair value of options and a Black-Scholes valuation model to measure the fair value of share awards. We adjust the amount we recognise as an expense, to reflect the estimated performance against non-market related conditions and the number of share awards and options that actually vest at the end of the vesting period.

The Group recognised a total share-based payment expense of £3.7m (2021: £7.7m), including National Insurance contributions of £0.1m (2021: £1.2m).

Share awards

- > There were 560,511 conditional share awards outstanding at 30 June 2022. These conditional shares were awarded to Executive Directors and senior management under the 2014 and 2019 Performance Share Plans. In accordance with the plan's terms, participants have received a conditional annual award of shares or nil cost option awards, which will normally vest after three years, with the proportion of the award vesting depending on growth in the Group's adjusted earnings per share. Further details of the plan's performance conditions are given in the Directors' Remuneration Report.

During the year ended 30 June 2022:

- > 129,991 awards were granted on 15 September 2021, with an aggregate fair value of £7,213,000. The fair value of services received in return for share awards granted is based on the fair value of share awards granted, measured using a Black-Scholes valuation model. At the date of grant, the fair value of a share awarded was £55.49, based on an expected dividend yield of 0.61%.
- > 7,827 awards in total were granted on 5 November 2021, 11 February 2022, 18 March 2022, 1 June 2022 and 10 June 2022, with an aggregate fair value of £231,000. The fair value of services received in return for share awards granted is based on the fair value of share awards granted, measured using a Black-Scholes valuation model. At the date of grant, the aggregate fair value of a share awarded was £29.48, based on an expected dividend yield of 1.05%.

	Number of awards 2022	Number of awards 2021
Outstanding at the start of year	665,522	770,690
Exercised during the year	(205,010)	(193,601)
Forfeited during the year	(37,819)	(103,172)
Granted during the year	137,818	191,605
Outstanding at 30 June	560,511	665,522
Exercisable at 30 June	17,605	9,108

Bonus and restricted stock share awards

In addition to the outstanding share awards above, there were 61,313 bonus and restricted stock share awards outstanding at 30 June 2022. The bonus shares were awarded to Executive Directors and senior management as part of the compulsory deferred bonus, and restricted stock share awards were granted to senior management in connection with recruitment. In accordance with the awards' terms, participants have received a conditional annual bonus award of shares or nil cost option awards, which will normally vest between one and three years after award, providing the participant is employed by the Group at that time.

In the year ended 30 June 2022, 18,192 bonus share awards were granted on 15 September 2021, with an aggregate fair value of £1,009,000.

	Number of awards 2022	Number of awards 2021
Outstanding at the start of year	72,466	84,061
Exercised during the year	(29,345)	(32,654)
Forfeited during the year	–	(1,324)
Granted during the year	18,192	22,383
Outstanding at 30 June	61,313	72,466
Exercisable at 30 June	–	–

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2022

30. SHARE-BASED PAYMENTS CONTINUED

Share options

On 12 August 2004, the Group established a share option programme that entitles key management and other senior employees to purchase shares in the Company. Further grants on similar terms were offered to these employee groups as set out below. The terms and conditions of the grants are as set out below. All options are to be settled by physical delivery of shares and meet the criteria for being treated as equity settled.

Employee entitlement	Grant date	Number of instruments	Vesting conditions	Option exercise price	Contractual life of options
2004 Company share plan	7 September 2012	1,891	Exercisable	1,334.00p	10 years
2004 Company share plan	26 September 2013	9,539	Exercisable	1,413.00p	10 years
Total share options		11,430			

Share options

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2022	Number of options 2022	Weighted average exercise price 2021	Number of options 2021
Outstanding at the start of year	1,331p	32,633	1,173p	67,131
Forfeited during the year	1,374p	(2,755)	915p	(9,489)
Share appreciation rights effected during the year	1,312p	(6,328)	1,059p	(5,134)
Exercised during the year	1,265p	(12,120)	981p	(19,875)
Outstanding at 30 June	1,400p	11,430	1,331p	32,633
Exercisable at 30 June	1,400p	11,430	1,331p	32,633

The options at 30 June 2022 had a weighted average remaining contractual life of 1.1 years (2021: 1.6 years). No share options were granted during the year (2021: nil). The weighted average share price at the date of exercise during the year was £44.18p (2021: £44.73p).

31. CAPITAL AND RESERVES

Called up share capital is the number of shares in issue at their par value. A number of shares were issued in the year, in relation to the employee share schemes.

Accounting policies

Equity instruments issued by the Group are recorded at the amounts of the proceeds received, net of direct issuance costs.

Own shares

We include the transactions, assets and liabilities of the Group-sponsored Qualifying Employee Share Ownership Trust ('QUEST') in the Group Financial Statements. In particular, the trust's purchases of the Company's shares are deducted from shareholders' funds until they vest unconditionally with employees.

Share capital

	2022 Number	2021 Number	2022 £m	2021 £m
Issued and fully paid				
Ordinary shares of 10 pence	65,773,620	65,761,500	6.6	6.6

There is no authorised share capital limit.

The holders of ordinary shares are entitled to receive dividends, as declared from time to time.

The movement in share capital for the period was as follows:

	2022 Number	2021 Number	2022 £m	2021 £m
Issued under the Executive Share Option Plan	12,120	19,875	—	—
Issued to Employee Benefit Trust	—	650,000	—	0.1
	12,120	669,875	—	0.1

Shares issued under the Executive Share Option Plan were issued at option prices as follows:

	2022 Number	2022 Price	2021 Number	2021 Price
Executive Share Option Plan	—	—	6,599	729.83p
	2,837	977.83p	9,032	977.83p
	7,027	1334.00p	1,738	1334.00p
	2,256	1413.00p	2,506	1413.00p
	12,120		19,875	

31. CAPITAL AND RESERVES CONTINUED**Reserve for own shares**

The Company's shares are held by a QUEST, which is an employee benefit trust established to facilitate the operation of our long-term incentive scheme for senior management. The reserve amount represents the deduction in arriving at shareholders' funds for the consideration the trust paid for the Company's shares, which had not vested unconditionally at the balance sheet date. The number and market value of the ordinary shares held by the Employee Benefit Trust and the QUEST were:

	2022 Number	2021 Number	2022 £m	2021 £m
Shares allocated but not vested	280,803	509,269	7.1	25.2
Unallocated shares	92,334	92,334	2.3	4.6
	373,137	601,603	9.4	29.8

The shares have a nominal value of £37,314 (2021: £60,160).

Translation reserve

The translation reserve comprises all foreign currency differences arising from translating the financial statements of our foreign operations.

The Group uses foreign currency denominated borrowings of £32.3m (2021: £10.7m) as a hedge against the translation exposure on the Group's net investment in overseas companies. Where the hedge is fully effective at hedging the variability in the net assets of such companies caused by changes in exchange rates, the changes in value of the borrowings are recognised in the Consolidated Statement of Comprehensive Income and accumulated in the hedging and translation reserves. The ineffective part of any change in value caused by changes in exchange rates is recognised in the Consolidated Income Statement.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of taxation.

Hedging and translation reserves

	Hedging reserve £m	Translation reserve £m
Balance at 30 June 2020	(0.2)	29.5
Exchange differences on translation of overseas operations	-	(45.4)
Loss recognised on net investment hedges	-	0.4
Loss recognised on cash flow hedges - interest rate swaps	0.2	-
Income tax related to net losses recognised in other comprehensive income	-	7.6
Balance at 30 June 2021	-	(7.9)
Exchange differences on translation of overseas operations	-	67.2
Gain recognised on net investment hedges	-	(0.7)
Loss recognised on cash flow hedges - interest rate swaps and cross currency swaps	1.9	-
Income tax related to net losses recognised in other comprehensive income	(0.5)	(7.7)
Balance at 30 June 2022	1.4	50.9

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

32. NOTES TO THE CASH FLOW STATEMENT

	2022 £m	2021 £m
Profit for the year	36.7	46.8
Adjustment for:		
Net IAS 41 valuation movement on biological assets	5.4	10.8
Amortisation of acquired intangible assets	8.3	7.4
Share-based payment expense	3.7	7.7
Share of profit of joint ventures and associates	(5.2)	(13.1)
Finance costs (net)	6.2	5.0
Income tax expense	11.7	9.0
Exceptional items	2.0	3.3
Adjusted operating profit from continuing operations	68.8	76.9
Depreciation of property, plant and equipment	26.4	24.0
Loss on disposal of plant and equipment	0.4	0.4
Loss on disposal of intangible assets	-	0.5
Amortisation and impairment of intangible assets	4.3	3.7
Adjusted earnings before interest, tax, depreciation and amortisation	99.9	105.5
Cash impact of exceptional items	1.1	(3.0)
Other movements in biological assets and harvested produce	(19.1)	(12.8)
Decrease in provisions and release in deferred consideration	-	(0.4)
Additional pension contributions in excess of pension charge	(3.1)	(7.0)
Other	0.2	(1.3)
Operating cash flows before movement in working capital	79.0	81.0
Increase in inventories	(6.1)	(1.3)
Increase in receivables	(18.5)	(11.0)
Increase in payables	2.2	17.9
Cash generated by operations	56.6	86.6
Interest received	0.4	0.4
Interest and other finance costs paid	(4.0)	(2.8)
Interest on leased assets	(1.1)	(0.8)
Cash flow from derivative financial instruments	(0.1)	0.2
Income taxes paid	(17.5)	(16.1)
Net cash from operating activities	34.3	67.5

Analysis of net debt

Total changes in liabilities due to financing activities are as follows:

	At 1 July 2021 £m	Net cash flows £m	Foreign exchange £m	Other non-cash movements £m	At 30 June 2022 £m
Cash and cash equivalents (see note 22)	46.0	(11.0)	3.8	-	38.8
Interest-bearing loans – current (see note 27)	(13.9)	8.9	(1.2)	(0.9)	(7.1)
Lease liabilities – current (see note 28)	(9.0)	11.3	(0.7)	(11.7)	(10.1)
	(22.9)	20.2	(1.9)	(12.6)	(17.2)
Interest-bearing loans – non-current (see note 27)	(109.4)	(63.1)	(9.6)	-	(182.1)
Lease liabilities – non-current (see note 28)	(19.3)	-	(1.6)	(3.6)	(24.5)
	(128.7)	(63.1)	(11.2)	(3.6)	(206.6)
Total debt financing	(151.6)	(42.9)	(13.1)	(16.2)	(223.8)
Net debt	(105.6)	(53.9)	(9.3)	(16.2)	(185.0)

Included within non-cash movements is £15.3m in relation to net new leases and £0.9m in the unwinding of debt issue costs.

32. NOTES TO THE CASH FLOW STATEMENT CONTINUED

	At 1 July 2020 £m	Net cash flows £m	Foreign exchange £m	Other non-cash movements £m	At 30 June 2021 £m
Cash and cash equivalents (see note 22)	41.3	6.6	(1.9)	–	46.0
Interest-bearing loans – current (see note 27)	(9.2)	(4.4)	0.6	(0.9)	(13.9)
Lease liabilities – current (see note 28)	(10.0)	11.7	0.2	(10.9)	(9.0)
	(19.2)	7.3	0.8	(11.8)	(22.9)
Interest-bearing loans – non-current (see note 27)	(103.6)	(12.7)	6.9	–	(109.4)
Lease liabilities – non-current (see note 28)	(21.1)	–	0.3	1.5	(19.3)
	(124.7)	(12.7)	7.2	1.5	(128.7)
Total debt financing	(143.9)	(5.4)	8.0	(10.3)	(151.6)
Net debt	(102.6)	1.2	6.1	(10.3)	(105.6)

Included within non-cash movements is £9.4m in relation to net new leases and £0.9m in the unwinding of debt issue costs.

33. OPERATING LEASES

Accounting policies

For short-term leases (those with a term of less than 12 months) and low-value items, we charge the rentals payable to the Income Statement on a straight-line basis over the lease term.

The Company has elected not to apply IFRS 16 to contracts where the right-of-use asset would be recognised as an intangible asset (e.g. software licences).

Total of future minimum lease payments under non-cancellable operating leases which expire:

	2022 £m	2021 £m
In less than one year	–	0.8
Between one and five years	–	–
In more than five years	–	–
	–	0.8

34. CAPITAL AND OTHER COMMITMENTS

At 30 June 2022, outstanding contracted capital expenditure amounted to £nil (2021: £1.2m related to the purchase of property, plant and equipment).

35. CONTINGENCIES AND BANK GUARANTEES

Contingent liabilities are potential future cash outflows, where the likelihood of payments is considered more than remote but is not considered probable or cannot be measured reliably. Assessing the amount of liabilities that are not probable is highly judgemental.

The retirement benefit obligations referred to in note 29 include obligations relating to the MPF defined benefit scheme. Genus, together with other participating employers, is joint and severally liable for the scheme's obligations. Genus has accounted for its section and its share of any orphan assets and liabilities, collectively representing approximately 86% (2021: 86%) of the MPF. As a result of the joint and several liability, Genus has a contingent liability for the scheme's obligations that it has not accounted for. The total deficit of the MPF from the most recent triennial valuation can be found in note 29.

The Group has widespread global operations and is consequently a defendant in many legal, tax and customs proceedings incidental to those operations. In addition, there are contingent liabilities arising in the normal course of business in respect of indemnities, warranties and guarantees. These contingent liabilities are not considered to be unusual in the context of the normal operating activities of the Group. Provisions have been recognised in accordance with the Group accounting policies where required. None of these claims are expected to result in a material gain or loss to the Group.

As described in note 7, the Group is involved in ongoing litigation proceedings and investigations with ST that are at various legal stages. The Group makes a provision for amounts to the extent where an outflow of economic benefit is probable and can be reliably estimated. However, there are specific claims identified in the litigation which the Group considers the outcome of the claim is not probable and will not result in the outflow of economic benefit.

The Group's future tax charge and effective tax rate could be affected by factors such as countries reforming their tax legislation to implement the OECD's BEPS recommendations and by European Commission initiatives including state aid investigations. Further information can be found in note 11.

At 30 June 2022, we had entered into bank guarantees totalling £20.2m (2021: £19.1m).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2022

36. DIRECTORS AND KEY MANAGEMENT COMPENSATION

In accordance with IAS 24 'Related Party Disclosures', key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Key management personnel comprise the Directors and the other members of GELT.

	2022 €m	2021 €m
Salaries and short-term employee benefits	4.9	8.0
Post-employment benefits	0.2	0.2
Share-based payment expense	1.2	4.1
	6.3	12.3

Directors

Further details of Directors' compensation are included in the Directors' Remuneration Report.

Other transactions with key management personnel

Other than remuneration, there were no transactions with key management personnel.

37. GROUP ENTITIES

In accordance with section 409 of the Companies Act 2006, a list of subsidiaries and joint ventures and associates as at 30 June 2022 is set out below. All subsidiary undertakings are subsidiary undertakings of their immediate parent undertaking(s), unless otherwise indicated.

Nature of business

Bovine

Name of undertaking	Registered address	Country of incorporation	Direct, indirect Group interest	Share class	% of share capital / voting rights held by Group companies
ABS (Beijing) International Trade Co., Ltd.	BI608, Lucky Tower, East 5 3rd Ring Road, Chaoyang District, Beijing, 100027, China	China	Indirect	No Par Value Common Stock	100%
ABS Argentina S A	A Castellanos 1169, (3080) Esperanza Santa Fe, Argentina	Argentina	Direct	ARS1 Ordinary	100%
ABS Chile Limitada	Avenida del Parque #461 office #601 Huechuraba, Santiago, Chile	Chile	Direct	CLP1 Common Stock	100%
ABS Genetics South Africa (Pty) Ltd	Prestige Park Block B Unit No 5B, Pastoral Street, Durbanville Industrial Park, Durbanville, 7550 South Africa	South Africa	Indirect	ZAR1 Ordinary	100%
ABS Global (Canada) Inc	1525 Fioradale Road, Fmira ON N3B 2Z1, Canada	Canada	Indirect	CAD1 Ordinary	100%
ABS Global, Inc	1525 River Road, De Forest WI 53532, United States	United States	Indirect	USD0.01 Common	100%
ABS Italia S r.l	Via Bastida nr 6, loc. Cavatigazzi, 26020, Cremona, Italy	Italy	Indirect	€1 Quota	100%
ABS México, S.A. de C.V.	Kansas No. 2028, Quintas Campestre, 31214, Chihuahua, Chih., Mexico	Mexico	Direct	MXN10 Class 1 MXN10 Class 2	100%
ABS Polska Sp. z o.o	Szafarowa 22A 82-300 Gronowo Górne, Poland	Poland	Indirect	PLN1,000 Ordinary	100%
Bovec SASU	69 Chemin des Molières, PA du Charpenay 69210, Lentilly, France	France	Indirect	€10 Ordinary	100%
Chitale Genus ABS (India) Private Limited	Amar Neptune, Office No 406 off Baner Road S. No 6 1 1, Village Baner Tal. Haveli, Pune Maharashtra India	India	Indirect	INR100 Ordinary	50%
De Nova Genetics LLC	1286 Orville Drive, New Albion IA 52160, United States	United States	Indirect	No Par Value LLC Units	51%
Genus ABS (NZ) Limited	Generate Accounting Group Limited, Level 2, 22 Dunderdonald Street, Eden Terrace, Auckland, 1021, New Zealand	New Zealand	Indirect	NZD1 Ordinary	100%
Genus ABS Colombia SAS	Avenida Carrera 70, No 105 - 51, Bogotá, Colombia	Colombia	Indirect	CO\$10,000 Ordinary	100%

37. GROUP ENTITIES CONTINUED

Nature of business
Bovine

Name of undertaking	Registered address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital/voting rights held by Group companies
Genus Australia Pty Ltd	15 Scholar drive, Bundoora VIC 3063, Australia	Australia	Indirect	AUD1.388 Ordinary	100%
Genus Breeding India Private Limited	4th Floor 406, Amrur Neptune, Baner, Pune, 411045, India	India	Indirect	INR1 Ordinary	100%
Genus Breeding Limited (01192037) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
'Genus Ukraine' LLC	Pidlisna str., 1, KYIV 03164, Ukraine	Ukraine	Indirect	No Par Value Common Stock	100%
In Vitro Brasil México, S.A de CV	Plaza Comercial Punto Colorines, Boulevard Independencia #746, Interior 6, CP. 27140, Cidade Torreon - Estado, Coahuila, Mexico	Mexico	Indirect	MXN1 Ordinary	99%
JB1 Genetics LLC	130 North Kelsey Street, Visalia CA 93291, United States	United States	Indirect	No Par Value Common Stock	100%
LLC Genus ABS Rus	Zheleznodorozhnaya Street, House 51, Letter Zh, Premises 2, 300062, Tula, Russian Federation	Russia	Indirect	RUB1 Ordinary	100%
Millwood Products Ltd (08662101) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	United Kingdom	Indirect	£1 Ordinary	100%
Pecplan ABS Imp. e Exp. Ltda.	Rod. BR 050 Km 196 - 150metros, Zona Rural, Delta, MG - 38108-000, Brazil	Brazil	Indirect	BRL1 Ordinary	100%
St Jacobs Animal Breeding Corp.	1525 River Road, De Forest WI 53532, United States	United States	Indirect	No Par Value Common	100%
Zitery S.A	Maximo Tajes 7189, Uruguay	Uruguay	Indirect	No Par Value Common	100%

Nature of business
Porcine

Name of undertaking	Registered address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital/voting rights held by Group companies
Agroceres PIC Genética de Suínos Ltda	Rua 1 JN, nº 1411, Sala 16 - Jardim Novo, Rio Claro -SP - CEP, 13.502-741, Brazil	Brazil	Indirect	BRL1 Ordinary	49% ¹
Agroceres PIC Suínos Ltda	Rua 1 JN, nº 1411, Sala 17 - Jardim Novo, Rio Claro -SP - CEP, 13.502-741, Brazil	Brazil	Indirect	BRL1 Ordinary	49% ¹
AviScenter Møllevang A. S	Møllevvej 3, 6670 Holsted, Denmark	Denmark	Indirect	DKK 1 Ordinary	49% ¹
GENEETIC Service S.R.L	Viale Europa 71, 32100, Belluno, Italy	Italy	Indirect	€1 Ordinary	33% ¹
Inner Mongolia Haoxiang Pig Breeding Co. Ltd	Jintang Village, Jinding Town, Zhidan County, Yan An Municipality, Shaanxi Province, China	China	Indirect	No Par Value Common	49% ¹
Liao Ning PIC Agriculture Science and Technology Co., Ltd	Gunzigou Village, Gao Guan Town, Benxi County, Benxi City, Liaoning Province, China	China	Indirect	CNY1 Ordinary	100%
PIC (Shanghai) Agriculture Science and Technology Company Limited	Room 702-5, No. 719 Shen Gui Road, Min Hang District, Shanghai, China	China	Indirect	No Par Value Common	100%
PIC (Zhangjiagang) Pig Improvement Co., Ltd	Office 1210, International Finance Tower, 20 Jingang Road, Zhangjiagang Bonded Zone, Zhangjiagang City, Jiangsu Province, China	China	Indirect	USD1 Ordinary	100%
PIC Andina SpA	Avenida del Parque #4161 office #601, Huechuraba, Santiago, Chile	Chile	Indirect	CLP1 Ordinary	100%
PIC Canada Ltd	Borden Ladner Gervais LLP, 1900-520, 3rd Avenue, S.W., Calgary, Alberta T2P 0R3, Canada	Canada	Indirect	CAD1 Ordinary	100%

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

37. GROUP ENTITIES CONTINUED

Nature of business

Porcine

Name of undertaking	Registered address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital, voting rights held by Group companies
PIC France SA	69 Chemin des Molières, 69210, Lentilly, France	France	Indirect	€17 Ordinary	100%
PIC Genetics Designated Activity Company	Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland	Ireland	Indirect	€1.27 Ordinary €1.27 Redeemable preference shares	100%
PIC Genetics LLC	79 Narodnyy Boulevard, 308000, Belgorod, Russian Federation	Russia	Indirect	RUB1 Ordinary	100%
Pig Improvement Company de México, S. de R.L. de C.V.	Wenceslao de la Barquera No 7, Col. Villas del Sur, 76040 Queretaro, Queretaro Mexico	Mexico	Indirect	No Par Value Common Stock	100%
Pig Improvement Company Deutschland GmbH	Jathustraße 11a, D-30163 Hannover, Germany	Germany	Indirect	No Par Value Common Stock	100%
Pig Improvement Company España, S.A.	C/ Pau Vila, 22 2ª puerta 6, 08174 Sant Cugat del Valles, Barcelona, Spain	Spain	Indirect	€25 Ordinary	100%
Pig Improvement Company UK Limited (00716304)	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£0.10 Ordinary	100%
PIC Italia S.r.l.	Strada dei Loggi 22, 06135, Ponte San Giovanni, Perugia, Italy	Italy	Indirect	€1 Ordinary	85%
PIC Philippines Inc	Unit 2101-2103 and 2203, Jollibee Plaza, F. Ortigas, Jr. Rd., Ortigas Center, Pasig City, 1605, Philippines	Philippines	Indirect	PHP100 Ordinary	100%
PIC USA, Inc	100 BlueGrass Commons Blvd, Suite 2200, Hendersonville, TN 37075, United States	United States	Indirect	USD1 Ordinary	100%
ReproVate Biosciences, Inc	6874 Caravan Ct, Columbia MD 21044, United States	United States	Direct	USD0.001 Series Seed Preferred	33% ¹
Reprodutores P/C, Lda	Av. Eng. Duarte Pacheco, Amoreiras, Torre 2 – 14ªA, 1070-102 Lisboa, Portugal	Portugal	Indirect	No Par Value Common Stock	100%
Società Agricola GENEETIC S.R.L.	Via Marchionni 2, 42122, Reggio Emilia, Italy	Italy	Indirect	€1 Ordinary	33% ¹
Shaanxi PIC Pig Improvement Co., Ltd	12105 21st floor, Yuntian Building, 12 Feng Cheng Second Street, Xian Economic Development District, Xian City, Shaanxi Province, China	China	Indirect	No Par Value Common Stock	100%
Yan'an Xinyongxiang Agriculture Technology Co., Ltd	Jintang Village, Jianjun Town Zhidan County, Yan'an Municipality, in Shaanxi Province, China	China	Indirect	No Par Value Common Stock	49% ²

Nature of business

Other

Name of undertaking	Registered address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital, voting rights held by Group companies
Accounting & Managerial Services S. de R.L. de C.V.	Kansas No. 2028, Quintas Campestre, 31214, Chihuahua, Chih. Mexico	Mexico	Indirect	MXN1 Class 1	96%
ABS International, Inc	1525 River Road, De Forest WI 53532, United States	United States	Indirect	USD1 Ordinary	100%
ABS Pecplan Ltda	Rod. BR 050 Km 196 - 150 metros, Zona Rural, Delta, MG - 38108-000, Brazil	Brazil	Direct	BRL1 Ordinary	100%
Agence Spillers NV	Place Saint-Lambert 14, 1200 Woluwe-Saint-Lambert, Belgium	Belgium	Indirect	No Par Value Common Stock	100%

37. GROUP ENTITIES CONTINUED

Nature of business
Other

Name of undertaking	Registered address	Country of incorporation	Direct/indirect Group interest	Share class	% of share capital/voting rights held by Group companies
Brazilian Holdings Limited (00479048) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Brazilian Properties Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
Busby Participações Ltda	Av. Leopoldino de Oliveira, 4.113, Sala 303, Centro, CEP. 38010-000, UBERABA-MG	Brazil	Indirect	BRL1 Ordinary	100%
Cannavario Participações Ltda.	Av. Leopoldino de Oliveira, 4.113, Sala 303, Centro, CEP. 38010-000, UBERABA-MG	Brazil	Indirect	BRL1 Ordinary	100%
Dalco Exportadora Ltda.	Av. Leopoldino de Oliveira, 4.113 – Sala 303, Uberaba, Minas Gerais, CEP 38010-000, Brazil	Brazil	Indirect	BRL1 Ordinary	100%
Dalgety Pension Trust Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Fyfield (SM) Limited (01026475) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Fyfield Dormant	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Fyfield Holland B V	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	Netherlands	Indirect	NLG100 Ordinary	100%
Fyfield Ireland Limited	Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland	Ireland	Indirect	€1.25 'A' Ordinary €1.25 'B' Ordinary	100%
Genus Investments Limited (02028517) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
Genus Quest Trustees Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
Genus R&D, Inc	1525 River Road, De Forest WI 53532, United States	United States	Indirect	US\$0.01 Common	100%
Genus Trustees Limited	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
GIL Finance S à r.l.	121 Avenue de la Faiencerie, L – 1511, Luxembourg	Luxembourg	Indirect	USD1 Ordinary	100%
PIC Do Brasil Empreendimentos e Participações Ltda.	Rua 1 JN, no. 1411, Sala 13, Jardim Novo, Rio Claro, Estado De São Paulo, CEP 13 502.741, Brazil	Brazil	Indirect	BRL0.01 Ordinary	100%
PIC Fyfield Limited (00019739) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Pig Improvement Company Overseas Limited (00716304) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Pigtales Limited (00723762) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£1 Ordinary	100%
Promar International Limited (03004562) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£1 Ordinary	100%
Skogluna Participações Ltda	Av. Leopoldino de Oliveira, 4.113, Sala 303, Centro, CEP. 38010-000, UBERABA-MG	Brazil	Indirect	BRL1 Ordinary	100%
Spillers Limited (00024021) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£0.25 Ordinary	100%
Spillers Overseas Limited (00069723) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Indirect	£0.25 Ordinary	100%
Sygen, Inc.	100 BlueGrass Commons Blvd, Suite 2200, Hendersonville, TN 37075 United States	United States	Indirect	USD1 Common	100%
Sygen International Limited (03215874) ²	Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom	UK	Direct	£0.10 Ordinary	100%

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

37. GROUP ENTITIES CONTINUED

Nature of business
Other

Name of undertaking	Registered address	Country of incorporation	Direct/ indirect Group interest	Share class	% of share capital/voting rights held by Group companies
Sygen Investimentos Ltda	Av. Leopoldino de Oliveira, 4113 – Sala 303, Uberaba Minas Gerais, CEP 38010-000, Brazil	Brazil	Indirect	BRL0.63 Ordinary	100%
Usicafé SA	c/o Cabinet Mayor, avocats, Rue Jean-Gabriel Eynard 6, 1205 Genève	Switzerland	Indirect	CHF1,000 Ordinary	100%
Xelect Limited	Horizon House, Abbey Walk, St Andrews, Fife, Scotland, KY16 9LB	UK	Indirect	£0.001 Ordinary	39% ¹

1. Associated undertakings, including joint venture interests.

2. UK subsidiaries taking advantage of the audit exemption with section 479A of the Companies Act 2006.

38. DEFERRED CONSIDERATION

Accounting policies

We recognise deferred consideration on the Balance Sheet when a business combination contains a contractual clause that defers a portion of the purchase price. When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Subsequent contingent consideration fair value remeasurements that do not qualify as measurement period adjustments are recognised in the Income Statement.

Contingent deferred consideration is measured at fair value and the valuation basis is Level 3 classification, where fair value techniques use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Contingent deferred consideration £m	Deferred consideration £m	Total £m
Balance at 1 July 2020	3.6	5.1	8.7
Business combination	0.8	–	0.8
Payment of consideration	(2.0)	(4.7)	(6.7)
Release of unutilised contingent consideration	(0.4)	–	(0.4)
Effect of movement in exchange rates	(0.3)	–	(0.3)
Balance at 30 June 2021	1.7	0.4	2.1
Business combination	0.1	0.2	0.3
Payment of consideration	(0.6)	(0.4)	(1.0)
Transfer	(0.8)	0.8	–
Effect of movement in exchange rates	0.1	–	0.1
Balance at 30 June 2022	0.5	1.0	1.5
Current	–	0.8	0.8
Non-current	0.5	0.2	0.7
Balance at 30 June 2022	0.5	1.0	1.5
Current	1.2	0.4	1.6
Non-current	0.5	–	0.5
Balance at 30 June 2021	1.7	0.4	2.1

38. DEFERRED CONSIDERATION CONTINUED

The balance at 30 June 2022 relates to the following transactions:

	Fiscal year of transaction	Contingent deferred consideration £m	Deferred consideration £m	Total £m
Dairy LLC (n/a BoviSync)	2019	0.4	–	0.4
Sergal Gestió Ramadera, S.L.	2021	–	0.8	0.8
T A C. – Laboratório de Reprodução Animal Ltda.	2022	–	0.2	0.2
Millwood Products Ltd	2022	0.1	–	0.1
Balance at 30 June 2022		0.5	1.0	1.5

Sergal Gestió Ramadera, S.L.

The deferred consideration is based on sales to existing customers during the period 28 June 2021 to 28 June 2022.

39. NON-CONTROLLING INTEREST

	2022 £m	2021 £m
Non-controlling interest	(0.7)	3.6
Put option over non-controlling interest at inception	(5.7)	(5.1)
Total non-controlling interest	(6.4)	(1.5)

Summarised financial information in respect of each of the Group's subsidiaries that has a material non-controlling interest is set out below before intra-Group eliminations.

	De Novo Genetics LLC £m	PIC Italia S.r.l. £m	2022 £m
Revenue	3.7	3.4	7.1
Expenses	(12.6)	(2.6)	(15.2)
Total comprehensive (expense)/income for the year	(8.9)	0.8	(8.1)
Total comprehensive (expense)/income attributable to owners of the Company	(4.5)	0.6	(3.9)
Total comprehensive (expense)/income attributable to the non-controlling interest	(4.4)	0.2	(4.2)
Biological assets	15.2	–	15.2
Current assets	0.9	1.0	1.9
Other non-current assets	0.8	2.3	3.1
Current liabilities	(19.6)	(1.8)	(21.4)
Net (liabilities)/assets	(2.7)	1.5	(1.2)
Equity attributable to owners of the Company	1.8	(1.3)	0.5
Non-controlling interest	(0.9)	0.2	(0.7)

Dividends of £0.1m were paid to non-controlling interests (2021: £0.2m).

	De Novo Genetics LLC £m	PIC Italia S.r.l. £m	2021 £m
Revenue	3.4	4.1	7.5
Expenses	(4.9)	(3.3)	(8.2)
Total comprehensive income for the year	(1.5)	0.8	(0.7)
Total comprehensive income attributable to owners of the Company	(0.8)	0.6	(0.2)
Total comprehensive income attributable to the non-controlling interest	(0.7)	0.2	(0.5)
Biological assets	15.8	–	15.8
Current assets	0.9	1.2	2.1
Other non-current assets	0.8	1.8	2.6
Current liabilities	(11.5)	(1.4)	(12.9)
Net assets	6.0	1.6	7.6
Equity attributable to owners of the Company	(2.6)	(1.4)	(4.0)
Non-controlling interest	3.4	0.2	3.6

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

40. RELATED-PARTY TRANSACTIONS

Bomaz, Inc. and Bogz Dairy, LLC, are well-recognised breeders in the industry, and are related parties to the Group as these entities are under the control of relatives of Nate Zwald, our ABS Dairy COO.

We transact with Bomaz, Inc. and Bogz Dairy, LLC as part of our bull product development effort, under a variety of contracts and agreements. Payments in 2022 amounted to £1.3m (2021: £0.5m). As at 30 June 2022, the balance owing to these entities was £nil (2021: £nil). All amounts were settled in cash.

These related-party transactions were made on terms equivalent to those that prevail in arm's length transactions.

During the year, as part of an international secondment agreement with a member of GELT, Genus agreed to fund an amount of £0.4m in respect of a personal taxation expense. A tax refund has been claimed and cash is expected to be received in early FY23, which will be used to settle the outstanding amount in full.

41. POST BALANCE SHEET EVENTS

With effect from 26 August 2022, the Group and its lenders increased the Company's multi-currency RCF by £40m to £190m and the USD RCF by USD25m to USD150m, and extended the maturity date of the total facilities to 24 August 2025.

PARENT COMPANY BALANCE SHEET AS AT 30 JUNE 2022

	Note	2022 £m	2021 £m
Non-current assets			
Intangible assets	C3	9.6	6.5
Property, plant and equipment	C4	0.9	1.1
Investments in subsidiaries	C5	345.5	122.8
Other investments	C6	2.1	2.0
Other receivables	C7	74.0	65.1
Derivative financial asset	C15	2.2	-
Deferred tax asset	C8	2.9	2.1
		437.2	199.6
Current assets			
Other receivables	C7	69.3	379.2
Cash and cash equivalents		1.9	1.3
		71.2	380.5
Current liabilities			
Current payables	C9	(65.0)	(222.8)
Provisions	C11	(0.4)	(0.3)
		(65.4)	(223.1)
Net current assets		5.8	157.4
Total assets less current liabilities		443.0	357.0
Non-current liabilities			
Non-current payables	C10	(183.3)	(111.1)
Provisions	C11	(0.3)	(0.1)
		(183.6)	(111.2)
Net assets		259.4	245.8
Equity			
Called up share capital	C16	6.6	6.6
Share premium account		179.1	179.1
Own shares		(0.1)	(0.1)
Retained earnings		73.5	60.2
Hedging reserve		0.3	-
Total equity		259.4	245.8

FINANCIAL STATEMENTS

The Company recognised profit for the year of £31.3m (2021: £19.6m profit).

The Financial Statements were approved and authorised for issue by the Board of Directors on 7 September 2022.

Signed on behalf of the Board of Directors.

Stephen Wilson
Chief Executive

Alison Henriksen
Chief Financial Officer

Company number: 02972325

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Called up share capital £m	Share premium account £m	Own shares £m	Retained earnings £m	Hedging reserve £m	Total equity £m
Balance at 1 July 2020	6.5	179.1	(0.1)	53.5	(0.2)	238.8
Fair value of movement on cash flow hedges, net of tax	-	-	-	-	0.2	0.2
Actuarial gain on retirement benefits obligations	-	-	-	2.9	-	2.9
Movement on pension asset recognition restriction	-	-	-	(2.7)	-	(2.7)
Other comprehensive income for the year	-	-	-	0.2	0.2	0.4
Total profit for the financial year	-	-	-	19.6	-	19.6
Total comprehensive income for the financial year	-	-	-	19.8	0.2	20.0
Shares issued	0.1	-	-	-	-	0.1
Dividends	-	-	-	(19.5)	-	(19.5)
Share-based payment expense, net of tax	-	-	-	6.4	-	6.4
Balance at 30 June 2021	6.6	179.1	(0.1)	60.2	-	245.8
Fair value of movement on cash flow hedges, net of tax	-	-	-	-	0.3	0.3
Actuarial gain on retirement benefits obligations	-	-	-	3.7	-	3.7
Movement on pension asset recognition restriction	-	-	-	(3.7)	-	(3.7)
Other comprehensive income for the year	-	-	-	-	0.3	0.3
Total profit for the financial year	-	-	-	31.3	-	31.3
Total comprehensive income for the financial year	-	-	-	31.3	0.3	31.6
Dividends paid	-	-	-	(20.9)	-	(20.9)
Share-based payment expense, net of tax	-	-	-	2.9	-	2.9
Balance at 30 June 2022	6.6	179.1	(0.1)	73.5	0.3	259.4

For information on dividends see note 13, cash flow hedges see note 26 and share-based payment expense see note 30.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

C1. ACCOUNTING INFORMATION AND POLICIES

Basis of preparation

The Parent Company Financial Statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006 (the 'Act'). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of the Companies Act 2006. The Group Financial Statements have also been prepared in accordance with International Financial Reporting Standards as issued by the IASB.

The Company Financial Statements have been prepared using the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities and in accordance with the Act. The Financial Statements have been prepared on a going concern basis, as set out in note 2 of the Consolidated Financial Statements of Genus plc. The accounting policies set out below and stated in the relevant notes have been applied consistently to all periods presented in these Financial Statements.

The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to share-based payments, business combinations, financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards issued not yet effective, impairment of assets and related-party transactions. Where required, equivalent disclosures are given in the Consolidated Financial Statements of Genus plc.

As permitted by section 408 of the Act, the Company has not presented its own Income Statement in this Annual Report.

The functional currency of the Company is Sterling.

Critical accounting judgements and key sources of estimation uncertainty

Preparing company financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Management has not identified any critical accounting judgements or key sources of estimation uncertainty.

Significant accounting policies applied in the current reporting period that relate to the Financial Statements as a whole

This section sets out our significant accounting policies that relate to the Financial Statements as a whole. Where an accounting policy is generally applicable to a specific note to the Financial Statements, the policy has been described in that note.

Other income and deferred income

The Company has entered into a strategic collaboration with Beijing Capital Agribusiness ('BCA') under which BCA will establish and fund a collaboration specific entity ('BCA Future Bio-Tech') which will use Genus's intellectual property and know-how to pursue the PRRSv resistance regulatory and development work in China. Genus will receive consideration after meeting certain milestones in the development programme.

Each milestone is considered to be either a separate performance obligation, or a set of groups of separate performance obligations, under this agreement and are unbundled in the contractual arrangement as if they are distinct from one another.

We assess each separate performance obligation relating to the milestone payments, and upon completion of those performance obligations recognise the fair value of amounts earned in other income. Some performance obligations, such as the transfer of know-how, are recognised at a point in time whereas others, such as the provision of technical services, are recognised over time. We recognise any received but unearned consideration as deferred income.

We will apply the same accounting policy to any other comparable agreements.

Pensions

A number of our employees are members of defined contribution pension schemes. We charge contributions to profit and loss as they become payable under the schemes' rules. We show differences between the contributions payable and the amounts actually paid as either accruals or prepayments in the Balance Sheet. The schemes' assets are held separately from those of the Company.

Certain former employees of the Company are members of one of the Group's defined benefit pension schemes, details of which are given in note 29 to the Group Financial Statements. The schemes are all multi-employer defined benefit schemes, whose assets and liabilities are held independently from the Group but within their sponsored Group company.

Taxation

We provide for current tax, including UK corporation tax and foreign tax, at the amounts we expect to pay or recover, using the tax rates and the laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

We record transactions in foreign currencies at the rate ruling at the transaction date. We retranslate monetary assets and liabilities denominated in foreign currencies at the prevailing rate of exchange at the balance sheet date. All differences are taken to the Income Statement.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

C1. ACCOUNTING INFORMATION AND POLICIES CONTINUED

Own shares

The Company has adopted FRS 101, which requires us to recognise the assets and liabilities associated with the Company's investment in its own shares in the Company's Financial Statements, where there is de facto control of the assets and liabilities.

The Company's own shares held by a Qualifying Employee Share Ownership Trust remain deducted from shareholders' funds until they vest unconditionally with employees.

Employee share schemes

The Company's Executive Directors and Chief Operating Officers receive part of their remuneration in the form of share awards, which vest upon meeting performance criteria over a three-year period.

We measure the cost of these awards by reference to the shares' fair value at the award date. At the end of each financial reporting period, we estimate the extent to which the performance criteria will be met at the end of three years and record an appropriate charge in the profit and loss account, together with a corresponding credit to profit and loss reserves. Changes in estimates of the number of shares vesting may result in charges or credits to the profit and loss account in subsequent periods.

Share-based payments

We have implemented the generally accepted accounting principle for accounting for share-based payments with subsidiary undertakings under FRS 101, whereby the Company has granted rights to its shares to employees of its subsidiary undertakings under an equity-settled arrangement, and the subsidiaries have not reimbursed the Company for these rights. Under this arrangement, the Company treats the share-based payment recognised in the subsidiary's financial statements as a cost of investment in the subsidiary and credits equity with an equal amount.

Derivative financial instruments and hedging

Our activities expose us primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

We use interest rate swaps to hedge interest rate risk. We also use forward foreign currency contracts, implemented through a medium-term US Dollar cross-currency borrowing and related interest rate swap, to hedge exposure to translation risk associated with US Dollar net assets of subsidiaries. Forward foreign currency contracts do not qualify for hedge accounting in the Parent Company Financial Statements, as the hedged item is not in its Balance Sheet.

Our use of financial derivative instruments is governed by the Group's policies, which are approved by the Board of Directors. The notes to the Group Financial Statements include information about the Group's financial risks and their management, and its use of financial instruments and their impact on the Group's risk profile, performance and financial condition.

The fair value of the US Dollar and interest rate swaps is the estimated amount that we would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, which is the present value of the quoted forward price.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve, and limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement, and is included in the 'other gains and losses' line item.

Amounts previously recognised in Other Comprehensive Income and accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects the Income Statement, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in Other Comprehensive Income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect Other Comprehensive Income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to the Income Statement.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in Other Comprehensive Income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the Income Statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to the Income Statement.

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the fair value of issued fixed-rate debt held and the cash flow exposures on the issued variable-rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of the financial year.

C1. ACCOUNTING INFORMATION AND POLICIES CONTINUED

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite directions, in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Company's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

C2. EMPLOYEES

Staff costs including Directors' remuneration during the year amounted to:

	2022 £m	2021 £m
Wages and salaries	9.0	7.7
Social security costs	1.1	1.4
Pension costs	0.2	0.2
Share-based payment expense	1.4	2.8
	11.7	12.1

The Directors' Remuneration Report sets out details of the Directors' remuneration, pensions and share options.

The average monthly number of employees including Directors during the year was as follows:

	2022 Number	2021 Number
Administration	44	40

C3. INTANGIBLE ASSETS**Accounting policies**

Patents, licences and software are stated at acquisition cost less accumulated amortisation. The amortisation period is determined by reference to expected useful life, which is reviewed at least annually. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful life. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

See note 15 for useful economic life. We do not amortise assets under construction.

	Software £m	Patents and licences £m	Assets under construction £m	Total £m
Cost				
Balance at 1 July 2020	4.6	3.7	1.7	10.0
Additions	–	–	2.3	2.3
Transfers	2.9	–	(2.9)	–
Disposals	(0.4)	–	–	(0.4)
Balance at 30 June 2021 and 1 July 2021	7.1	3.7	1.1	11.9
Additions	–	–	3.9	3.9
Transfers	2.3	–	(2.3)	–
Balance at 30 June 2022	9.4	3.7	2.7	15.8
Amortisation				
Balance at 1 July 2020	1.6	3.7	–	5.3
Amortisation for the year	0.5	–	–	0.5
Disposals	(0.4)	–	–	(0.4)
Balance at 30 June 2021 and 1 July 2021	1.7	3.7	–	5.4
Amortisation for the year	0.8	–	–	0.8
Balance at 30 June 2022	2.5	3.7	–	6.2
Carrying amounts				
At 30 June 2022	6.9	–	2.7	9.6
At 30 June 2021	5.4	–	1.1	6.5
At 30 June 2020	3.0	–	1.7	4.7

Included within the software class of assets is £6.9m (2021: £5.4m) and included in assets in the course of construction is £2.7m (2021: £1.1m) that relate to the ongoing development costs of GenusOne, our single global enterprise system.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

C4. PROPERTY, PLANT AND EQUIPMENT

Accounting policies

We state property, plant and equipment at cost, together with any incidental acquisition expenses, or at their latest valuation, less depreciation and any provision for impairment. We calculate depreciation on a straight-line basis, to write the assets down to their estimated residual values over their estimated useful lives. The rates of annual depreciation on tangible fixed assets are as follows:

- > Leasehold improvements period of lease
- > Leased buildings period of lease
- > Equipment 3 to 10 years

We review the carrying value of fixed assets for impairment, if events or changes in circumstances indicate that the carrying value may not be recoverable.

Right-of-use assets

Right-of-use assets are measured initially at cost based on the value of the associated lease liability, adjusted for any payments made before inception, initial direct costs and an estimate of the dismantling, removal and restoration costs required in the terms of the lease. Subsequent to initial recognition, we record an interest charge in respect of the lease liability. The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life ('UEL') of the leased asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option, the asset is written-off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

	Leasehold improvements £m	Equipment £m	Owned assets £m	Right-of-use leased buildings £m	Total £m
Cost					
Balance at 1 July 2021	0.5	0.4	0.9	1.0	1.9
Disposals	-	(0.1)	(0.1)	-	(0.1)
Balance at 30 June 2022	0.5	0.3	0.8	1.0	1.8
Depreciation					
Balance at 1 July 2021	0.3	0.3	0.6	0.2	0.8
Depreciation for the year	-	-	-	0.1	0.1
Balance at 30 June 2022	0.3	0.3	0.6	0.3	0.9
Carrying amounts					
At 30 June 2022	0.2	-	0.2	0.7	0.9
At 30 June 2021	0.2	0.1	0.3	0.8	1.1

C5. INVESTMENTS IN SUBSIDIARIES

Accounting policies

Shares in subsidiary undertakings are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, then we estimate the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, it is considered to be impaired and we write it down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

	Shares in subsidiary undertakings £m
Cost	
Balance at 1 July 2021	316.0
Additions	227.6
Balance at 30 June 2022	543.6
Provision for impairment	
Balance at 1 July 2021	193.2
Provided during the year	4.9
Balance at 30 June 2022	198.1
Carrying amounts	
At 30 June 2022	345.5
At 30 June 2021	122.8

Additions relate to increasing our investment in ABS Pecplan Ltda, ABS Chile Limitada, ABS Argentina S.A. and Genus Investments Limited.

C5. INVESTMENTS IN SUBSIDIARIES CONTINUED

On 30 June 2022, Genus plc subscribed for 220,000,000 ordinary shares of £1.00 each in Genus Investments Limited. The total cash consideration of £220m owing from the subscription was offset against the loan payable by Genus Investments Limited to Genus plc under a deed of offset approved by the Board on 30 June 2022.

The Company considers the relationship between its market capitalisation and the carrying value of its investments, among other factors, when reviewing for indicators of impairment. As at 30 June 2022, the net investment in five of the Company's subsidiary undertakings exceeded the Company's share of the net assets. Each of these subsidiaries are denominated in Latin American currencies, all of which have seen significant weakening against Sterling during the year ended 30 June 2022. For each of these undertakings, the recoverable value has been estimated using the Board-approved Strategic Plan. There were no indicators of impairment for the Company's other subsidiary undertakings.

The key assumptions for the value in use calculation are those regarding the discount rate, growth rates and expected trading performance.

Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the Group. The pre-tax discount rates are derived from the Group's post-tax weighted average cost of capital ('WACC'), which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta), this equates to a pre-tax discount rate of 11% (2021: 11%). Cash flows beyond the five-year period are extrapolated using a long-term growth rate of 2.5% (2021: 2.5%).

During the year, £4.9m was provided against the investment held in Sygen International Ltd to reflect a reduction in the net assets of that company.

Principal subsidiary undertakings

The Company's principal subsidiaries and their main activities are given in note 37 to the Group Financial Statements.

C6. OTHER INVESTMENTS**Accounting policies**

Listed equity investments are stated at fair value.

	2022 £m	2021 £m
Listed investment – NMR	2.1	2.0

NMR ordinary shares were acquired as part of the NMR pension agreement, and are measured at fair value. The valuation basis is Level 1 classification, where fair value techniques are quoted (unadjusted) prices in active markets for identical assets and liabilities.

C7. OTHER RECEIVABLES**Accounting policies**

We state other receivables at their amortised cost less any impairment losses.

	Note	2022 £m	2021 £m
Amounts due within one year			
Amounts owed by Group undertakings		61.8	374.5
Corporation tax recoverable		1.6	0.9
Prepayments		2.0	1.6
Other receivables		2.0	..
Deferred taxation	C8	0.9	2.1
Derivative financial asset	C15	1.0	0.1
		69.3	379.2
Amounts due after one year			
Amounts owed by Group undertakings		74.0	65.1
		74.0	65.1

At the balance sheet date, the total amounts owed by Group undertakings were £135.8m (2021: £439.6m). The carrying amount of these assets approximates their fair value. Of the amounts owed by Group undertakings, £133.5m (2021: £329.1m) is interest-bearing and any interest charged is at current market rates. See note C5 for more detail on the decrease in amounts owed by Group undertakings.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2022

C8. DEFERRED TAXATION

Accounting policies

We recognise deferred taxation 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 future or a right to pay less tax in future have occurred at the balance sheet date.

We only recognise deferred taxation assets if we consider it more likely than not that we will have suitable profits from which we can deduct the future reversal of the underlying timing differences. Timing differences are differences arising between the Company's taxable profits and its results as stated in the Financial Statements, and which are capable of reversing in one or more subsequent periods.

We only recognise deferred taxation in respect of the future remittance of retained earnings of overseas subsidiaries to the extent that, at the balance sheet date, dividends have been accrued as receivable.

We measure deferred taxation on a non-discounted basis, at the tax rates we expect to apply in the periods in which we expect the timing differences to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

	2022 £m	2021 £m
Deferred tax asset due within one year	0.9	2.1
Deferred tax asset due after more than one year	2.9	2.1
	3.8	4.2

The movements in deferred taxation are as follows:

	2022 £m	2021 £m
At the start of the year	4.2	2.0
Recognised in the Income Statement	0.6	2.1
Recognised in equity	(1.0)	0.1
At the end of the year	3.8	4.2

The amounts provided are as follows:

	2022 £m	2021 £m
Share-based payment expense	1.1	1.8
Other timing differences	1.6	2.0
Losses	1.1	0.4
	3.8	4.2

At the balance sheet date, the Company had unused tax losses available for offset against future profits, with a potential tax benefit of £1.1m (2021: £0.4m). We have recognised a deferred tax asset in respect of this benefit, as we expect these losses to be offset against future profits of the UK tax group in the near term.

C9. CURRENT PAYABLES

Accounting policies

Trade payables are not interest bearing and are stated at their nominal value.

	Note	2022 £m	2021 £m
Bank loans and overdrafts	C12	7.1	13.0
Trade payables		1.7	1.5
Other payables		0.7	0.1
Amounts owed to Group undertakings		51.9	204.2
Accruals		2.5	3.8
Deferred income		0.1	0.1
Obligations under leases	C13	0.1	0.1
Derivative financial liabilities	C15	0.9	-
		65.0	222.8

Included within amounts owed to Group undertakings are amounts of £26.2m (2021: £176.6m) which are unsecured, repayable on demand and any interest charged is at current market rates.

There are no outstanding contributions due to defined contribution pension schemes for the benefit of the employees (2021: £nil).

C10. NON-CURRENT PAYABLES

	Note	2022 £m	2021 £m
Bank loans and overdrafts	C12	182.1	109.4
Obligations under leases	C13	0.5	0.6
Derivative financial liabilities	C15	0.3	-
Deferred income		0.4	1.1
		183.3	111.1

C11. PROVISIONS

	2022 £m	2021 £m
Provisions due within one year	0.4	0.3
Provisions after more than one year	0.3	0.1
	0.7	0.4

The provisions primarily consist of a share forfeiture provision of £0.5m, which relates to potential claims that could be made by untraced members over a period of three years, relating to the resale proceeds of shares that were identified during prior years as being forfeited (see note 25).

C12. LOANS AND BORROWINGS**Accounting policies**

We initially state debt at the amount of the net proceeds, after deducting issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

We charge the finance costs of debt to the profit and loss account over the debt term, at a constant rate on the carrying value of the debt to which they relate.

	2022 £m	2021 £m
Loans and borrowings comprise amounts falling due:		
In one year or less or on demand	8.0	13.8
In more than one year but not more than two years	-	-
In more than two years but not more than five years	182.3	109.9
	190.3	123.7
Less: unamortised issue costs	(1.1)	(1.3)
	189.2	122.4
Amounts falling due within one year	(7.1)	(13.0)
Amounts falling due after more than one year	182.1	109.4

At the balance sheet date, the Company's credit facilities comprised a £150m multi-currency revolving credit facility ('RCF'), a USD125 million RCF and a USD20 million bond and guarantee facility. The original term of the facility was for three years to 24 August 2023 with the option to extend the maturity date by a further year before each of the first and second anniversaries of the signing date. The Company's credit facility also includes an uncommitted £100m accordion option, which can be requested on a maximum of three occasions over the lifetime of the facility to fund the Group's business development plans. On 24 August 2021, the Company and its lenders extended the facility by a further year to 24 August 2024.

With effect from 26 August 2022, the Group and its lenders increased the Company's multi-currency RCF by £40m to £190m and the USD RCF by USD25m to USD150m, and extended the maturity date of the total facilities to 24 August 2025.

As part of its interest rate hedging strategy, the Company has entered into interest rate swaps to hedge variable interest rates. At the balance sheet date, bank loan and overdrafts include borrowings of USD45m fixed at 3.3175%, and borrowings of USD28m, swapped via a cross currency swap into EUR25m, fixed at 0.3625%, excluding applicable bank margins.

Terms and debt repayment schedule

The terms and conditions of outstanding loans and overdrafts were as follows:

	Currency	Interest rate	2022 £m	2021 £m
RCF and overdraft	GBP	2.6%	95.9	42.3
RCF, term loan and overdraft	USD	3.0%	77.3	59.7
RCF and overdraft	EUR	1.4%	10.8	10.7
Other unsecured bank borrowings	Other	2.2%	5.2	9.7
Total interest-bearing liabilities			189.2	122.4

The above RCFs are unsecured.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

C13. OBLIGATIONS UNDER LEASES

A lease is a commitment to make a payment in the future, primarily in relation to property, plant and machinery and motor vehicles.

Accounting policies

In accordance with IFRS 16, we recognise as an expense any payments made in respect of short-term leases (those with a term of less than 12 months) and for low-value items on a straight-line basis over the life of the lease.

For all other leases we recognise a liability at the date at which the leased asset is made available for use, and a corresponding right-of-use asset is recognised and depreciated over the term of the lease (see note C4).

Lease liabilities are measured at the present value of the future lease payments, excluding any payments relating to non-lease components. Future lease payments include fixed payments, in-substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable. Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options, to the extent that it is reasonably certain that such payments will be made. The payments are discounted at the rate implicit in the lease or, where that cannot be measured, at an incremental borrowing rate.

We remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- > The lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- > The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- > A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The changes in the lease liabilities are as follows:

	2022 £m	2021 £m
Balance at the start of the year	0.8	0.9
Payments made	(0.2)	(0.1)
Balance at the end of the year	0.6	0.8

In accordance with the reduced disclosure exemptions included in FRS 101, a maturity analysis has not been presented. The maturity analysis of the Group's lease obligations is included in note 28 to the Group Financial Statements.

C14. OPERATING LEASES

Accounting policies

For short-term leases (those with a term of less than 12 months) and low-value items, we charge the rentals payable to the Income Statement on a straight-line basis over the lease term.

The Company has elected not to apply IFRS 16 to contracts where the right-of-use asset would be recognised as an intangible asset (e.g. software licences).

Total of future minimum lease payments under non-cancellable operating leases which expire:

	2022 £m	2021 £m
In less than one year	–	0.8
	–	0.8

Operating lease rentals charged in the year:

	2022 £m	2021 £m
Other	0.8	0.8

C15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Additional disclosures on financial instruments can be found in note 26 to the Group Financial Statements.

C16. CAPITAL AND RESERVES**Share capital**

	2022 Number	2021 Number	2022 £m	2021 £m
Issued and fully paid				
Ordinary shares of 10 pence	65,773,620	65,761,500	6.6	6.6

There is no authorised share capital limit.

The holders of ordinary shares are entitled to receive dividends, as declared from time to time.

The movement in share capital for the period was as follows:

	2022 Number	2021 Number	2022 £m	2021 £m
Issued under the Executive Share Option Plan	12,120	19,875	-	-
Issued to Employee Benefit Trust	-	650,000	-	0.1
	12,120	669,875	-	0.1

Shares issued under the Executive Share Option Plan were issued at option prices as follows:

	2022		2021	
	Number	Price	Number	Price
Executive Share Option Plan	-	-	6,599	729.83p
	2,837	977.83p	9,032	977.83p
	7,027	1334.00p	1,738	1334.00p
	2,256	1413.00p	2,506	1413.00p
	12,120		19,875	

Reserve for own shares

The Company's shares are held by a QUEST, which is an employee benefit trust established to facilitate the operation of our long-term incentive scheme for senior management. The reserve amount represents the deduction in arriving at shareholders' funds for the consideration the trust paid for the Company's shares, which had not vested unconditionally at the balance sheet date. The number and market value of the ordinary shares held by the Employee Benefit Trust and the QUEST were:

	2022 Number	2021 Number	2022 £m	2021 £m
Shares allocated but not vested	280,803	509,269	7.1	25.2
Unallocated shares	92,334	92,334	2.3	4.6
	373,137	601,603	9.4	29.8

The shares have a nominal value of £37,314 (2021: £60,160).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments net of taxation – see note 26.

C17. RELATED PARTY TRANSACTIONS

The Company is exempt under FRS 101 from disclosing transactions with other members of the Group.

C18. CAPITAL AND OTHER COMMITMENTS

At 30 June 2022, outstanding contracted capital expenditure amounted to £nil (2021: £nil).

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2022

C19. PENSIONS, GUARANTEES AND CONTINGENCIES

The NMR pension assigned to Genus plc under the Flexible Apportionment Agreement, recorded an actuarial gain of £3.7m, which has increased the asset restriction made in previous years. As the Company does not have unilateral right to this surplus, as required in accordance with IFRIC 14 it is restricted to Enil. For additional information on the MPF pension scheme, of which NMR was one of the participating employers, please see note 29.

The retirement benefit obligations referred to in note 29 to the Group Financial Statements include obligations relating to the MPF defined benefit scheme. Genus, together with other participating employers, is joint and severally liable for the scheme's obligations. Genus has accounted for its section and its share of any orphan assets and liabilities, collectively representing approximately 86% (2021: 86%) of the MPF. As a result of the joint and several liability, Genus has a contingent liability for the scheme's obligations that it has not accounted for. The total deficit of the MPF scheme from the most recent triennial valuation can be found in note 29.

Certain UK subsidiaries, which are detailed in note 37 to the Group Financial Statements, will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 30 June 2022. The Company has given a statutory guarantee over all of the liabilities held by those UK subsidiaries for the year ended 30 June 2022. The Company has assessed the probability of loss under the guarantee as remote.

At 30 June 2022, the Company had entered into bank guarantees totalling £15.8m (2021: £13.9m).

C20. POST BALANCE SHEET EVENTS

With effect from 26 August 2022, the Group and its lenders increased the Company's multi-currency RCF by £40m to £190m and the USD RCF by USD25m to USD150m, and extended the maturity date of the total facilities to 24 August 2025.

FIVE-YEAR RECORD – CONSOLIDATED RESULTS

The information included in the five-year record below is in accordance with IFRS as adopted for use under the Companies Act 2006.

Financial results	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Revenue from continuing operations	593.4	574.3	551.4	488.5	470.3
Adjusted operating profit from continuing operations	68.8	76.9	60.1	51.8	55.5
Adjusted operating profit including joint ventures and associates ¹	77.7	89.8	70.8	59.0	60.9
Adjusted profit before tax ¹	71.5	84.8	65.8	55.1	56.3
Basic adjusted earnings per share	82.7p	100.9p	77.3p	63.8p	72.3p
Diluted adjusted earnings per share	82.3p	100.1p	76.7p	61.7p	71.3p
Operating profit from continuing operations	49.4	47.7	42.4	2.8	6.0
Profit before tax from continuing operations	48.4	55.8	46.3	4.0	5.6
Profit after tax from continuing operations	36.7	46.8	35.7	0.8	39.4
Net profit attributable to owners of the Company	40.9	47.3	35.3	1.9	40.5
Basic earnings per share	62.5p	72.6p	54.4p	3.0p	66.1p
Diluted earnings per share	62.2p	72.0p	54.0p	2.9p	65.2p
Net assets	572.1	496.6	494.5	479.0	401.7
Net debt	185.0	105.6	102.6	79.6	108.5

1. Adjusted operating profit, adjusted profit before tax and adjusted basic and diluted earnings per share are before net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense, exceptional items and other gains and losses.

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY

The Group tracks a number of APMs in managing its business, which are not defined or specified under the requirements of IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and GELT. Some of these APMs are also used for the purpose of setting remuneration targets.

These APMs should be viewed as supplemental to, but not as a substitute for, measures presented in the consolidated financial information relating to the Group, which are prepared in accordance with IFRS. The Group believes that these APMs are useful indicators of its performance. However, they may not be comparable to similarly-titled measures reported by other companies, due to differences in the way they are calculated.

The key APMs that the Group uses include:

Alternative Performance Measures	Calculation methodology and closest equivalent IFRS measure (where applicable)	Reasons why we believe the APMs are useful
Adjusted operating profit exc JVs	Adjusted operating profit is operating profit with the net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items added back and excludes JV and associate results. <i>Closest equivalent IFRS measure: Operating profit¹</i> See reconciliation on page 193.	Allows the comparison of underlying financial performance by excluding the impacts of exceptional items and is a performance indicator against which short-term and long-term incentive outcomes for our senior executives are measured: > net IAS 41 valuation movements on biological assets – these movements can be materially volatile and do not directly correlate to the underlying trading performance in the period. Furthermore, the movement is non-cash related and many assumptions used in the valuation model are based on projections rather than current trading; > amortisation of acquired intangible assets – excluding this improves the comparability between acquired and organically grown operations, as the latter cannot recognise internally generated intangible assets. Adjusting for amortisation provides a more consistent basis for comparison between the two; > share-based payments – this expense is considered to be relatively volatile and not fully reflective of the current period trading, as the performance criteria are based on EPS performance over a three-year period and include estimates of future performance; and > exceptional items – these are items which due to either their size or their nature are excluded, to improve the understanding of the Group's underlying performance.
Adjusted operating profit inc JVs	Including adjusted operating profit from JV and associate results See reconciliation on page 193.	
Adjusted operating profit inc JVs exc gene editing costs	Including adjusted operating profit from JV and associate results but excluding gene editing costs See reconciliation on page 193.	
Adjusted operating profit inc JVs after tax	Adjusted operating profit including JV less adjusted effective tax. See reconciliation on page 193.	
Adjusted profit inc JVs before tax	Adjusted operating profit including JVs less net finance costs. See reconciliation on page 193.	
Adjusted profit inc JVs after tax	Adjusted profit including JVs before tax less adjusted effective tax. See reconciliation on page 193.	
Adjusted effective tax rate	Total income tax charge for the Group excluding the tax impact of adjusting items, divided by the adjusted operating profit. <i>Closest equivalent IFRS measure: Effective tax rate</i> See reconciliation on page 194.	Provides an underlying tax rate to allow comparability of underlying financial performance, by excluding the impacts of net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items.

Alternative Performance Measures	Calculation methodology and closest equivalent IFRS measure (where applicable)	Reasons why we believe the APMs are useful
Adjusted basic earnings per share	Adjusted profit after tax profit divided by the weighted basic average number of shares. <i>Closest equivalent IFRS measure: Earnings per share</i> See calculation on page 194.	On a per share basis, this allows the comparability of underlying financial performance by excluding the impacts of adjusting items.
Adjusted diluted earnings per share	Underlying attributable profit divided by the diluted weighted basic average number of shares. <i>Closest equivalent IFRS measure: Diluted earnings per share</i> See calculation on page 194.	
Adjusted earnings cover	Adjusted earnings per share divided by the expected dividend for the year See calculation on page 194.	The Board dividend policy targets the adjusted earnings cover to be between 2.5–3 times.
Adjusted EBITDA – calculated in accordance with the definitions used in our financing facilities	This is adjusted operating profit, adding back cash received from our JVs, depreciation of property, plant and equipment, depreciation of the historical cost of biological assets, operational amortisation (i.e. excluding amortisation of acquired intangibles) and deducting the amount attributable to minority interest. <i>Closest equivalent IFRS measure: Operating profit¹</i> See reconciliation on page 194.	This APM is presented because it is used in calculating our ratio of net debt to EBITDA and our interest cover, which we report to our banks to ensure compliance with our bank covenants
Adjusted operating margin	Adjusted operating profit (including JVs) divided by revenue.	Allows for the comparability of underlying financial performance by excluding the impacts of exceptional items.
Adjusted operating margin (exc JVs)	Adjusted operating profit divided by revenue.	
Constant currency basis	The Group reports certain financial measures, on both a reported and constant currency basis and retranslates the current year's results at the average actual exchange rates used in the previous financial year.	The Group's business operates in multiple countries worldwide and its trading results are translated back into the Group's functional currency of Sterling. This measure eliminates the effects of exchange rate fluctuations when comparing year-on-year reported results
Revenue excluding Genus PIC China	Revenue excluding revenue made by Genus PIC China. See reconciliation on page 195.	Allows for the comparison of the financial performance of Genus PIC by excluding the results of Genus PIC China, which has been impacted by volatile and challenging market conditions.
Adjusted operating profit inc JVs for Genus PIC excluding Genus PIC China	Adjusted operating profit including JVs for Genus PIC excluding adjusted operating profit including JVs made by Genus PIC China. See reconciliation on page 195	
Adjusted profit before tax excluding Genus PIC China	Adjusted profit before tax excluding Genus PIC China See reconciliation on page 195.	Allows for the comparison of underlying financial performance of Genus by excluding Genus PIC China.
Net debt	Net debt is gross debt, made up of unsecured bank loans and overdrafts and obligations under finance leases, with a deduction for cash and cash equivalents. See reconciliation on page 195.	This allows the Group to monitor its levels of debt

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY CONTINUED

Alternative Performance Measures	Calculation methodology and closest equivalent IFRS measure (where applicable)	Reasons why we believe the APMs are useful
Net debt – calculated in accordance with the definitions used in our financing facilities	Net debt excluding the impact of adopting IFRS 16 and adding back guarantees and deferred purchase arrangements. See reconciliation on page 195.	This is a key metric that we report to our banks to ensure compliance with our bank covenants.
Cash conversion	Cash generated by operations as a percentage of adjusted operating profit excluding JVs. See calculation on page 196.	This is used to measure how much operating cash flow we are generating and how efficient we are at converting our operating profit into cash.
Free cash flow	Cash generated by the Group before debt repayments, acquisitions and investments, dividends and proceeds from share issues. <i>Closest IFRS measure: Net cash flow from operating activities</i> See reconciliation on page 196	Shows the cash retained by the Group in the year
Interest cover	The ratio of adjusted net finance costs, calculated in accordance with the definitions used in our financing facilities, is net finance costs with a deduction for pension interest, interest from adopting IFRS 16, unwinding of discount on put options and amortisation of refinancing fees, to adjusted EBITDA. <i>Closest equivalent IFRS components for the ratio: The equivalent IFRS components are finance costs, finance income and operating profit</i> See calculation and reconciliation on page 196	This APM is used to understand our ability to meet our interest payments and is also a key metric that we report to our banks to ensure compliance with our bank covenants.
Ratio of net debt to adjusted EBITDA	The ratio of net debt, calculated in accordance with the definitions used in our financing facilities, is gross debt, made up of unsecured bank loans and overdrafts and obligations under finance leases, with a deduction for cash and cash equivalents and adding back amounts related to guarantees and deferred purchase arrangements, to adjusted EBITDA. <i>Closest equivalent IFRS components for the ratio: The equivalent IFRS components are gross debt, cash and cash equivalents and operating profit</i> See calculation on page 196.	This APM is used as a measurement of our leverage and is also a key metric that we report to our banks to ensure compliance with our bank covenants.
Return on adjusted invested capital	The Group's return on adjusted invested capital is measured on the basis of adjusted operating profit including JVs after tax, which is operating profit with the pre-tax share of profits from JVs and associates, net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets, share-based payment expense and exceptional items added back, net of amounts attributable to non-controlling interest and tax. The adjusted operating profit including JVs after tax is divided by adjusted invested capital, which is the equity attributable to owners of the Company adding back net debt, pension liability net of related deferred tax and deducting biological assets (less historical cost) and goodwill, net of related deferred tax. <i>Closest equivalent IFRS components for the ratio: Return on invested capital</i> See calculation and reconciliation on page 197.	This APM is used to measure our ability to efficiently invest our capital and gives us a sense of how well we are using our resources to generate returns

* Operating profit is not defined by IFRS. It is presented in the Group income statement and is calculated as profit before tax, finance income, investment income and other post-tax profit of JVs and associates related.

THE TABLES BELOW RECONCILE THE CLOSEST EQUIVALENT IFRS MEASURE TO THE APM OR OUTLINE THE CALCULATION OF THE APM

INCOME STATEMENT MEASURES

Adjusted operating profit exc JVs

Adjusted operating profit inc JVs

Adjusted operating profit inc JVs and exc gene editing costs

	2022		2021		
	£m	£m	£m	£m	Reference
Operating profit		49.4		47.7	Group Income Statement
Add back:					
Net IAS 41 valuation movement on biological assets	5.4		10.8		Group Income Statement
Amortisation of acquired intangible assets	8.3		7.4		Group Income Statement
Share-based payment expense	3.7		7.7		Group Income Statement
Exceptional items	2.0		3.3		Group Income Statement
Adjusted operating profit exc JVs		68.8		76.9	Group Income Statement
Less: amounts attributable to non-controlling interest		(0.3)		(0.1)	Group Income Statement
Operating profit from JVs and associates	5.2		13.1		Group Income Statement
Tax on JVs and associates	2.6		3.0		Note 11 – Income tax expense
Net IAS 41 valuation movement	1.4		(3.1)		Note 18 – Equity accounted investees
Adjusted operating profit from JVs		9.2		13.0	
Adjusted operating profit inc JVs		77.7		89.8	Note 5 – Segmental information
Gene editing costs		7.9		7.6	
Adjusted operating profit inc JVs and exc gene editing costs		85.6		97.4	
Adjusted operating profit inc JVs after tax					
	2022		2021		
		£m		£m	Reference
Adjusted operating profit inc JVs		77.7		89.8	See APM
Effective Tax Rate	24.3%		22.5%		Note 12 – Earnings per share
Adjusted tax		(18.9)		(20.2)	No direct reference
Adjusted operating profit inc JVs after tax		58.8		69.6	
Adjusted profit inc JVs before tax					
Adjusted profit inc JVs after tax					
	2022		2021		
		£m		£m	Reference
Adjusted operating profit inc JVs		77.7		89.8	See APM
Less net finance costs		(6.2)		(5.0)	Note 10 – Net finance costs
Adjusted profit inc JVs before tax		71.5		84.8	
Adjusted tax		(17.4)		(19.1)	Note 12 – Earnings per share
Adjusted profit inc JVs after tax		54.1		65.7	

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY CONTINUED

Adjusted effective tax £m/rate

	2022		2021		Reference
	£m	%	£m	%	
Adjusted effective tax £m/rate	17.4	24.3	19.1	22.5	Note 12 – Earnings per share
Exceptional items	(0.8)	(40.0)	(1.1)	(33.3)	Note 12 – Earnings per share
Share-based payment expense	(0.5)	(13.5)	(1.6)	(20.8)	Note 12 – Earnings per share
Amortisation of acquired intangible assets	(3.3)	(39.8)	(1.5)	(20.3)	Note 12 – Earnings per share
Net IAS 41 valuation movement on biological assets	1.5	27.8	(2.9)	(26.9)	Note 12 – Earnings per share
Effective tax £m/rate	14.3	28.0	12.0	20.4	Note 11 – Taxation and deferred taxation

Adjusted basic earnings per share

	2022	2021	Reference
Adjusted profit inc JVs after tax (£m)	54.1	65.7	See APM
Weighted average number of ordinary shares (000s)	65,395	65,108	Note 12 – Earnings per share
Adjusted basic earnings per share (pence)	82.7	100.9	

Adjusted diluted earnings per share

	2022	2021	Reference
Adjusted profit inc JVs after tax (£m)	54.1	65.7	See APM
Weighted average number of diluted ordinary shares (000s)	65,714	65,662	Note 12 – Earnings per share
Adjusted diluted earnings per share (pence)	82.3	100.1	

Adjusted earnings cover

	2022		2021		Reference
	pence	times	pence	times	
Adjusted earnings per share	82.7		100.9		See APM
Dividend for the year	32.0		32.0		Note 13 – Dividends
Adjusted earnings cover		2.6		3.2	

Adjusted EBITDA – as calculated under our financing facilities

	2022		2021		Reference
	£m	£m	£m	£m	
Operating profit		49.4		47.7	Group Income Statement
Add back:					
Net IAS 41 valuation movement on biological assets	5.4		10.8		Group Income Statement
Amortisation of acquired intangible assets	8.3		7.4		Group Income Statement
Share-based payment expense	3.7		7.7		Group Income Statement
Exceptional items	2.0		3.3		Group Income Statement
Adjusted operating profit exc JVs	68.8		76.9		Group Income Statement
Adjust for:					
Cash received from JVs (dividend and loan repayment)	3.2		4.1		Group Statement of Cash Flows
Depreciation: property, plant and equipment	26.4		24.0		Note 17 – Property, plant and equipment
Operational lease payments	(12.4)		(12.5)		Note 28 – Obligations under leases
Depreciation: historical cost of biological assets	10.7		10.0		See Financial Review
Amortisation and impairment (excluding separately identifiable acquired intangible assets)	4.3		3.7		Note 15 – Intangible assets
Less amounts attributable to non-controlling interest	(0.3)		(0.1)		Group Income Statement
Adjusted EBITDA – as calculated under our financing facilities		100.7		106.1	

Revenue excluding Genus PIC China

	30 June 2022		30 June 2021		Reference
	£m	£m	£m	£m	
Revenue in Genus	593.4		574.3		Note 5 – Segmental information
Less revenue in Genus PIC China	(29.9)		(55.0)		No direct reference
Revenue excluding Genus PIC China		563.5		519.3	

Adjusted operating profit excluding Genus PIC China

	30 June 2022		30 June 2021		Reference
	£m	£m	£m	£m	
Adjusted operating profit in Genus PIC	112.3		122.9		Group Income Statement
Adjusted operating profit from PIC JVs and associates	9.1		13.2		No direct reference
Less amounts attributable to non-controlling interest	(0.2)		(0.2)		No direct reference
		121.2		135.9	
Less adjusted operating profit in Genus PIC China		(5.6)		(33.4)	No direct reference
Adjusted operating profit excluding Genus PIC China		115.6		102.5	

Adjusted profit before tax excluding Genus PIC China

	30 June 2022		30 June 2021		Reference
	£m	£m	£m	£m	
Adjusted profit before tax		71.5		84.8	Group Income Statement
Less adjusted profit before tax in Genus PIC China		(5.6)		(33.4)	No direct reference
Adjusted profit before tax excluding Genus PIC China		65.9		51.4	

BALANCE SHEET MEASURES**Net debt****Net debt as calculated under our financing facilities**

	2022		2021		Reference
	£m	£m	£m	£m	
Current unsecured bank loans and overdrafts	7.1		13.9		
Non-current unsecured bank loans and overdrafts	182.1		109.4		
Unsecured bank loans and overdrafts		189.2		123.3	Group Balance Sheet
Current obligations under finance leases	10.1		9.0		
Non-current obligations under finance leases	24.5		19.3		
Obligations under finance leases		34.6		28.3	Group Balance Sheet
Total debt financing		223.8		151.6	Note 32 – Notes to the cash flow statement
Deduct:					
Cash and cash equivalents		(38.8)		(46.0)	Group Balance Sheet
Net debt		185.0		105.6	
Deduct:					
Lower of obligations under finance leases or £30m		(30.0)		(28.3)	
Add back:					
Guarantees		20.2		19.1	Note 35 – Contingencies and bank guarantees
Deferred purchase arrangements		–		0.1	No direct reference
Net debt – as calculated under our financing facilities		175.2		96.5	

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY CONTINUED

CASH FLOW MEASURES

Cash conversion

	2022		2021		Reference
	£m	£m	£m	£m	
Cash generated by operations		56.6		86.6	Note 32 – Notes to the cash flow statement Group Income Statement
Operating profit	49.4		47.7		
Add back:					
Net IAS 41 valuation movement on biological assets	5.4		10.8		Group Income Statement
Amortisation of acquired intangible assets	8.3		7.4		Group Income Statement
Share-based payment expense	3.7		7.7		Group Income Statement
Exceptional items	2.0		3.3		Group Income Statement
Adjusted operating profit exc JVs		68.8		76.9	Group Income Statement
Cash conversion (%)		82%		113%	

Free cash flow

	2022		2021		Reference
	£m	£m	£m	£m	
Cash generated by operations		56.6		86.6	Note 32 – Notes to the cash flow statement
Net interest and tax paid		(22.3)		(19.1)	Note 32 – Notes to the cash flow statement
Capital expenditure		(50.9)		(33.8)	Group Statement of Cash Flows
Dividends received from JV and associates		3.2		4.1	Group Statement of Cash Flows
Joint venture and associate loan (payment)/repayment		–		(0.4)	Group Statement of Cash Flows
Proceeds from sale of property, plant and equipment		–		0.3	Group Statement of Cash Flows
Dividend to non-controlling interest		(0.1)		(0.2)	Group Statement of Cash Flows
Free cash flow		(13.5)		37.5	

OTHER MEASURES

Interest cover

	2022		2021		Reference
	£m	Times	£m	Times	
Finance costs	6.6		5.4		Group Income Statement
Finance income	(0.4)		(0.4)		Group Income Statement
Net finance costs	6.2		5.0		Note 10 – Net finance costs
Deduct:					
Pension interest	(0.2)		(0.3)		Note 10 – Net finance costs
Interest on lease liabilities	(1.1)		(0.8)		Note 10 – Net finance costs
Unwinding discount on put options	(0.2)		(0.6)		Note 10 – Net finance costs
Amortisation of refinancing fees	(0.9)		(0.9)		Note 10 – Net finance costs
Adjusted net finance costs	3.8		2.4		
Adjusted EBITDA – as calculated under our financing facilities	100.7		106.1		See APM
Interest cover		27		45	

Ratio of net debt to adjusted EBITDA

	2022		2021		Reference
	£m	Times	£m	Times	
Net debt – as calculated under our financing facilities	175.2		96.5		See APM
Adjusted EBITDA – as calculated under our financing facilities	100.7		106.1		See APM
Ratio of net debt to EBITDA		1.7		0.9	

Return on adjusted invested capital

	2022		2021		Reference
	£m	%	£m	%	
Adjusted operating profit inc JVs after tax	58.8		69.6		See APM
Equity attributable to owners of the Company	578.5		498.1		Group Balance Sheet
Add back					
Net debt	185.0		105.6		Note 32 – Notes to the cash flow statement
Pension liability	8.3		11.1		Group Balance Sheet
Related deferred tax	(1.3)		(2.1)		Note 11 – Taxation and deferred taxation
Adjust for:					
Biological assets – carrying value	(366.8)		(319.5)		Note 16 – Biological assets
Biological assets' harvest classed as inventories	(20.9)		(17.8)		Note 20 – Inventories
Biological assets – historic cost	77.2		65.1		See Financial Review
Goodwill	(111.0)		(101.5)		Group Balance Sheet
Related deferred tax	73.0		63.7		Note 11 – Taxation and deferred taxation
Adjusted invested capital	422.0		302.7		
Return on adjusted invested capital		13.9%		23.0%	

Return on invested capital

	2022		2021		Reference
	£m	%	£m	%	
Return on adjusted invested capital		13.9%		23.0%	See APM
Adjusted operating profit inc JVs after tax	58.8		69.6		See APM
Tax rate	18.9	24.3%	20.2	22.5%	Note 12 – Earnings per share
Adjusted operating profit inc JVs	77.7		89.8		Group Income Statement
Adjusted operating profit attributable to non-controlling interest	0.3		0.1		Group Income Statement
Pre-tax share of profits from JVs exc net IAS 41 valuation movement	(9.2)		(13.0)		Group Income Statement
Adjusted operating profit exc JVs	68.8		76.9		Group Income Statement
Fair value movement on biological assets	(5.4)		(10.8)		Group Income Statement
Amortisation of acquired intangibles	(8.3)		(7.4)		Group Income Statement
Share-based payment expense	(3.7)		(7.7)		Group Income Statement
Exceptional items	(2.0)		(3.3)		Group Income Statement
Share of post-tax profit of JVs	5.2		13.1		Group Income Statement
Finance costs	(6.2)		(5.0)		Group Income Statement
Profit before tax	48.4		55.8		Group Income Statement
Tax	(11.7)		(9.0)		Group Income Statement
Profit	36.7		46.8		Group Income Statement
Equity attributable to owners of the Company	578.5		498.1		Group Balance Sheet
Return on invested capital		6.3%		9.4%	

GLOSSARY

AGM – Annual General Meeting.

Artificial insemination ('AI') – Using semen collected from a bull or boar to impregnate a cow or sow when in estrus. Artificial insemination allows a genetically superior male to be used to mate with many more females than would be possible with natural mating.

ASF – African Swine Fever.

Biosecurity – The precautions taken to reduce the chance of transmitting disease agents from one livestock operation to another.

Boar – A male pig.

BRD – Bovine Respiratory Disease, a complex, bacterial and viral infection that causes lung disease in cattle (particularly calves) and is often fatal.

CPI – Consumer Price Index.

CRISPR-Cas 9 – Technology which accurately targets and cuts DNA to produce precise and controllable changes to the genome.

CSR – Corporate Social Responsibility.

DSBP – Deferred Share Bonus Plan.

EPS – Earnings per share.

Farrow – When a sow gives birth to piglets.

GELT – Genus Executive Leadership Team.

Gender skew – The ability to influence the proportion of offspring being of a particular sex.

Genetic gain – The change of the genetic make up of a particular animal population in response to having selected parents that excelled genetically for important traits.

Genetic lag – The amount of time required to disseminate genetic gain from a nucleus herd to the commercial customer.

Genetic nucleus – A specialised pig herd, where Genus PIC keeps its pure lines. Pigs are genetically tested at the nucleus to select the best animals to produce the next generation.

Genomic bull – A bull which has been assessed through genomic testing. This typically refers to bulls which have not been progeny-tested.

Genomically tested – An animal that has been DNA profiled

Genomics – The study of the genome, which is the DNA sequence of an animal's chromosomes.

Gilt – A young female pig, which has not yet given birth.

GMS – ABS's Genetic Management System, which creates a genetic solution tailored to each individual dairy producer to obtain improved herd genetics.

Grandparent – The relationship of a breeding pig to the generation of terminal market pigs. A grandparent produces parents, who in turn produce the commercial generation of terminal pigs.

Group – Genus plc and its subsidiary companies.

In vitro fertilisation ('IVF') – The fertilisation of an oocyte with semen (outside an animal) in a laboratory for transfer into a surrogate.

Index/Indices – A formula incorporating economically important traits for ranking the genetic potential of animals as parents of the next generation.

Integrated pork producer – Producers of pork typically involved in raising animals to slaughter weight all the way through to packaged and/or branded pork products.

IntelliGen – The technology platform used to process sexed bovine semen for ABS and third-party customers and commercialised by ABS globally as Sexcel.

IP – Intellectual property.

IPR – Inter Partes Review before the US Patent and Trademarks Office.

IVB – In Vitro Brasil S.A.

JV – Joint venture.

Line – Multiple animals that have been mated together in a closed breeding population. Pure lines can have their origins in one founding breed or in several breeds.

Market pig equivalents ('MPE') – Refers to a standardised measure of our customers' production of slaughter animals that contain our genetics with genes from each of the sow and boar counting for half of the animal.

Multiplier – A producer whose farm contains grandparent sows. The farm crosses together two lines of grandparents, multiplying the number of genetically improved parents that are available for sale.

NuEra – The ABS beef breeding programme and index designed to drive the customer's genetic improvement and deliver total system profitability for the beef supply chain.

PQA – Pork Quality Assurance.

Progeny tested – Elite animals whose genetic value as a parent has been tested and validated through the performance of their offspring.

PRRSv – Porcine Reproductive and Respiratory Syndrome Virus.

PSP – Performance Share Plan.

PTAB – Patent Trial and Appeal Board before the US Patent and Trademarks Office.

R&D – Research and development.

RMS – ABS's Reproductive Management System, which is a systematic approach to maximising pregnancy production and its contribution to herd profitability.

RPI – Retail Price Index.

RWD – ABS's Real World Data System of observed performance data from many dairy herds.

Russian Sanctions – legislation introduced by the UK, EU or US (as appropriate) which impose financial, trade, transport, immigration or other sanctions for the purposes of encouraging Russia to cease actions which destabilise Ukraine, or undermine or threaten the territorial integrity, sovereignty or independence of Ukraine.

Sexcel – The ABS brand of sexed bovine genetics produced using IntelliGen.

Sire – The male parent of an animal.

Sire line – The male line selected for traits desirable for the market.

Sow – A female pig which has given birth at least once.

Straw – A narrow tube used to package frozen bull semen.

Stud – Locations where bulls or boars are housed and their semen collected, evaluated, diluted into multiple doses/straws and packaged, ready for shipping to farms.

Terminal boars – The male pig that is used to mate with a parent female to produce a terminal pig.

Trait – A measurable characteristic that may be a target for genetic selection.

TransitionRight – Genus ABS's patent-pending genetic selection tool to help prevent multiple post calving metabolic disorders that occur during transition.

Unit – A straw of frozen bull semen or tube/bag of fresh boar semen sold to a customer.

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