

Company Registration No. 06833157 (England and Wales)

IAN MOSEY (LIVESTOCK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2017

THURSDAY



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IAN MOSEY (LIVESTOCK) LIMITED

COMPANY INFORMATION

Directors	Mr B I Mosey Mrs B M Mosey Mr I J Mosey Mrs C E Duggleby
Secretary	Mrs B M Mosey
Company number	06833157
Registered office	Village Farm Gilling East York North Yorkshire YO62 4JH
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

IAN MOSEY (LIVESTOCK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The directors present the strategic report for the year ended 31 August 2017.

Review of the business

The key financial performance indicators of the company are turnover, gross profit and operating profit.

	2017 £	2016 £	Movement £	Movement %
Turnover	77,845,714	63,466,102	14,379,612	22.66
Gross profit	15,462,851	12,337,920	3,124,931	25.33
Operating profit	4,885,491	1,546,738	3,338,753	215.86

Turnover has increased by c. £14 million to £77,845,714 compared to the prior year. This increase in turnover was largely driven by an increase in pig prices, but was slightly offset by a small fall in volumes. The average price received per pig is dependent upon market trends, predominately the EU Spec SPP which drives the market prices in the UK. The EU Spec SPP average price per pig has increased by c. 26% in 2017 compared to 2016, hence driving the increase in revenue. This increase has been offset by a slight fall in the number of pigs sold, down from 595,240 in 2016 to 578,853 in 2017, a fall of 2.75%.

The increase in turnover has driven the increase in gross profit, aided by a slight increase in gross profit margin due to falling direct costs as a result of the fall in volumes.

In turn, this has impacted on operating profit which has improved significantly compared to the prior year. The increase in operating profit is disproportional to the increase in turnover and gross profit as the fixed costs of the company have remained broadly in line with the prior year, given that the company still operates from the same employee base despite the growth and has seen a reduction in associated pig management costs as a result of the fall in volume.

The company's statement of financial position shows a satisfactory position with shareholder's funds amounting to £9,837,735, an increase of £3,932,305 on the prior year as a result of the profit for the year.

During the year, the company has invested in plant and machinery due to the continued high level of activity which has strengthened the statement of financial position. Similarly, the year-end stock balance has increased as a result of the increase in trading activity and the increase in pig prices both strengthening the year-end stock valuation. Both average debtor and creditor days have remained consistent with the prior year.

The key non-financial performance indicator of the company is customer satisfaction which is determined by the quality of the product produced. The company has contracts with a number of abattoirs which are set on a rolling basis and the prices of these contracts are dependent on the SPP. However, if the company produces a 'Freedom Food' or 'Red Tractor' pig then the quality is higher and as such a higher selling price can be achieved. Management monitor the number and types of pigs sold each month along with the selling price obtained, and as such use this to monitor quality and customer satisfaction.

Risks and Uncertainties

The significant risks facing the business relate to movements in the price per kilo of pig meat and fluctuations in the raw material costs for feed. The company mitigates its exposure through arrangements with its customers and forward purchasing its raw materials and weaner pigs.

IAN MOSEY (LIVESTOCK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Financial instruments

The company is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk. The company manages these risks by financing its operations through retained profits, supplemented by the use of cash reserves in Ian Mosey Limited where necessary and intercompany loans to fund any capital expenditure programmes.

Price Risk

The company reviews current trends to manage its exposure to variation in market prices.

Credit Risk

The company mainly trades with long standing customers of the group, the nature of these relationships assist management, together with credit insurance, in controlling its credit risk in addition to the normal credit management processes.

Liquidity and Cash Flow Risk

Management control and monitor the company's cash flow on a regular basis, including forecasting future cash flows.

On behalf of the board



Mr B I Mosey

Director

1/2/2018

IAN MOSEY (LIVESTOCK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The directors present their annual report and financial statements for the year ended 31 August 2017.

Principal activities

The principal activity of the company during the year was that of farming of swine.

Directors

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

Mr B I Mosey

Mrs B M Mosey

Mr I J Mosey

Mrs C E Duggleby

(Appointed 22 December 2017)

Results and dividends

The results for the year are set out on page 7.

Directors' insurance

Third party director indemnity insurance is in place for the benefit of the directors.

Future developments

The company will continue to consolidate its business interests and exploit opportunities as they arise.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


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Mr B I Mosey

Director

1/2/2018

IAN MOSEY (LIVESTOCK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF IAN MOSEY (LIVESTOCK) LIMITED

Opinion

We have audited the financial statements of Ian Mosey (Livestock) Limited for the year ended 31 August 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF IAN MOSEY (LIVESTOCK) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

RSM UK Audit LLP

Michael Thornton (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL
22/2018

IAN MOSEY (LIVESTOCK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	2016 £
Turnover	3	77,845,714	63,466,102
Cost of sales		(62,382,863)	(51,128,182)
Gross profit		15,462,851	12,337,920
Administrative expenses		(10,577,360)	(10,791,182)
Operating profit	6	4,885,491	1,546,738
Interest payable and similar expenses	8	-	(1,190)
Profit before taxation		4,885,491	1,545,548
Taxation	9	(953,186)	(288,535)
Profit for the financial year	23	3,932,305	1,257,013

IAN MOSEY (LIVESTOCK) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10	659,136		329,007	
Investments	11	100		100	
		659,236		329,107	
Current assets					
Stocks	12, 13	17,328,398		16,785,804	
Debtors	14	6,215,367		3,851,968	
Cash at bank and in hand		227		268	
		23,543,992		20,638,040	
Creditors: amounts falling due within one year	15	(14,316,266)		(15,038,069)	
Net current assets		9,227,726		5,599,971	
Total assets less current liabilities		9,886,962		5,929,078	
Creditors: amounts falling due after more than one year	16	-		(7,961)	
Provisions for liabilities	19	(49,227)		(15,687)	
Net assets		9,837,735		5,905,430	
Capital and reserves					
Called up share capital	22	100		100	
Profit and loss reserves	23	9,837,635		5,905,330	
Total equity		9,837,735		5,905,430	

The financial statements were approved by the board of directors and authorised for issue on 1/2/2018 and are signed on its behalf by:


 Mr B I Mosey
 Director

IAN MOSEY (LIVESTOCK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2017

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 September 2015	100	4,648,317	4,648,417
Year ended 31 August 2016:			
Profit and total comprehensive income for the year	-	1,257,013	1,257,013
Balance at 31 August 2016	100	5,905,330	5,905,430
Year ended 31 August 2017:			
Profit and total comprehensive income for the year	-	3,932,305	3,932,305
Balance at 31 August 2017	100	9,837,635	9,837,735

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Company information

Ian Mosey (Livestock) Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Village Farm, Gilling East, York, North Yorkshire, YO62 4JH.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

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

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

The financial statements of the company are consolidated in the financial statements of Ian Mosey Limited. These consolidated financial statements are available from its registered office, Village Farm, Gilling East, York, North Yorkshire, YO62 4JH.

Going concern

The financial statements are prepared on a going concern basis. Having carried out a detailed review of the company's resources, including the availability of support as required from the group's cash reserves, the directors are confident that the company has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT. Turnover is recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attached to the product, have been transferred to the customer.

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

Tangible fixed assets

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

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

Freehold land	No depreciation charged
Plant and machinery	15% to 20% on a reducing balance basis
Fixtures & fittings	25% on a reducing balance basis
Motor vehicles	25% on a reducing balance basis

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

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

Biological assets

Biological assets of livestock within stock, comprising of weaner and fatterer pigs only, are valued under the cost model in accordance with Section 34 of FRS 102, using the lower of cost and estimated selling price less costs to complete and sell method.

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts due from fellow group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, amounts due to group undertakings and bank overdrafts, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

Employee benefits

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

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

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

Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from the company in an independently administered fund. Contributions payable are charged to the profit and loss account in the year they are payable.

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

Leases

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

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

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

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock provisioning

The company farms swine and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 12 for the net carrying amount of the stock.

Measurement of livestock and standard costing

Biological assets are carried at the lower of cost and net realisable value. Cost includes the purchase price paid, delivery inwards and any subsequent rearing costs. At each reporting date, the company estimates the standard cost applicable to a fully reared unit. This value is then adjusted based on the estimated average age and expected future yield of the livestock. See note 13 for the carrying amount of the stocks.

3 Turnover and other revenue

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

	2017	2016
	£	£
Turnover analysed by class of business		
Farming of swine	77,845,714	63,466,102

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

4 Employees

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

	2017 Number	2016 Number
Production staff	30	31
Management staff	3	3
	<u>33</u>	<u>34</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,169,685	1,102,583
Social security costs	121,088	112,827
Pension costs	10,349	8,018
	<u>1,301,122</u>	<u>1,223,428</u>

5 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	85,336	83,828
Company pension contributions to defined contribution schemes	844	675
	<u>86,180</u>	<u>84,503</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 3).

6 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	79,365	53,195
Depreciation of tangible fixed assets held under finance leases	-	3,032
Profit on disposal of tangible fixed assets	(45,954)	(14,374)
Cost of stocks recognised as an expense	61,076,086	49,761,676
Operating lease charges	5,397	5,373
	<u></u>	<u></u>

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

7 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	7,500	7,000
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	3,000	3,500
All other non-audit services	3,050	2,500
	<u> </u>	<u> </u>
	6,050	6,000
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and loans	-	1,190
	<u> </u>	<u> </u>

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	917,103	309,211
Adjustments in respect of prior periods	2,543	-
Total current tax	919,646	309,211
Deferred tax		
Origination and reversal of timing differences	34,872	316
Changes in tax rates	(844)	(2,713)
Adjustment in respect of prior periods	(488)	(18,279)
Total deferred tax	33,540	(20,676)
Total tax charge	953,186	288,535

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	4,885,491	1,545,548
Expected tax charge based on the standard rate of corporation tax in the UK of 19.58% (2016: 20.00%)	956,619	309,110
Tax effect of expenses that are not deductible in determining taxable profit	650	57
Adjustments in respect of prior years	2,543	(18,279)
Effect of change in corporation tax rate	(6,626)	(2,353)
Tax expense for the year	953,186	288,535

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

10 Tangible fixed assets

	Freehold land	Plant and machinery	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2016	3,696	313,434	24,631	109,351	451,112
Additions	-	459,618	-	17,300	476,918
Disposals	-	(60,500)	-	(24,395)	(84,895)
At 31 August 2017	3,696	712,552	24,631	102,256	843,135
Depreciation and impairment					
At 1 September 2016	-	65,801	10,908	45,396	122,105
Depreciation charged in the year	-	57,607	3,431	18,327	79,365
Eliminated in respect of disposals	-	-	-	(17,471)	(17,471)
At 31 August 2017	-	123,408	14,339	46,252	183,999
Carrying amount					
At 31 August 2017	3,696	589,144	10,292	56,004	659,136
At 31 August 2016	3,696	247,633	13,723	63,955	329,007

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2017 £	2016 £
Plant and machinery	-	14,650
Motor vehicles	-	17,761
	-	32,411
Depreciation charge for the year in respect of leased assets	-	3,032

11 Fixed asset investments

	2017 £	2016 £
Unlisted investments	100	100

The company held a minor holding of 0.18% in the share capital of Meadow Quality Limited during the year. The holding gives rise to no controlling interest and therefore in the opinion of the directors the results are excluded from Ian Mosey (Livestock) Limited. At the year end, Meadow Quality Limited had aggregate capital and reserves of £1,504,616 (2016 - £1,335,303) and made a profit for the year of £169,313 (2016 - £44,607).

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

11 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments other than loans £
Cost	
At 1 September 2016 & 31 August 2017	100
Carrying amount	
At 31 August 2017	100
At 31 August 2016	100

12 Stocks

	Notes	2017 £	2016 £
Raw materials and consumables		223,424	861,414
Biological assets	13	17,104,974	15,924,390
		17,328,398	16,785,804

13 Biological assets

	2017 £	2016 £
Cost		
At 1 September	15,924,390	13,429,685
Purchases	49,402,596	51,174,546
Sales	(46,308,240)	(46,869,594)
Deaths	(1,913,772)	(1,810,247)
At 31 August	17,104,974	15,924,390

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

14 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	3,047,354	3,463,837
Amounts owed by group undertakings	2,834,891	-
Other debtors	272,697	350,081
Prepayments and accrued income	60,425	38,050
	<u>6,215,367</u>	<u>3,851,968</u>

15 Creditors: amounts falling due within one year

	Notes	2017	2016
		£	£
Bank overdraft	17	437,303	490,032
Obligations under finance leases	18	-	13,205
Trade creditors		3,437,550	1,456,424
Amounts due to group undertakings		9,864,314	12,660,499
Corporation tax		442,385	298,858
Other taxation and social security		32,565	31,476
Other creditors		1,724	1,600
Accruals and deferred income		100,425	85,975
		<u>14,316,266</u>	<u>15,038,069</u>

16 Creditors: amounts falling due after more than one year

	Notes	2017	2016
		£	£
Obligations under finance leases	18	-	7,961
		<u>-</u>	<u>7,961</u>

17 Borrowings

	2017	2016
	£	£
Bank overdraft	<u>437,303</u>	<u>490,032</u>
Payable within one year	<u>437,303</u>	<u>490,032</u>

The bank overdraft is secured by way of a composite guarantee entered into by all group companies.

At 31 August 2017, the total group indebtedness in respect of bank overdrafts was £nil (2016 - £2,492,139).

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Finance lease obligations

	2017	2016
	£	£
Future minimum lease payments due under finance leases:		
Less than one year	-	13,205
Between one and five years	-	7,961
	<u>-</u>	<u>21,166</u>
	<u>-</u>	<u>21,166</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under hire purchase agreements are secured against the asset to which they relate.

19 Provisions for liabilities

	Notes	2017	2016
		£	£
Deferred tax liabilities	20	49,227	15,687
		<u>49,227</u>	<u>15,687</u>
		<u>49,227</u>	<u>15,687</u>

20 Deferred taxation

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

	Liabilities	Liabilities
	2017	2016
Balances:	£	£
Excess of taxation allowances over depreciation on fixed assets	49,374	15,940
Short term timing differences	(147)	(253)
	<u>49,227</u>	<u>15,687</u>
	<u>49,227</u>	<u>15,687</u>
		2017
		£
Movements in the year:		
Liability at 1 September 2016		15,687
Charge to profit or loss		33,540
		<u>49,227</u>
Liability at 31 August 2017		<u>49,227</u>

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

21 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	10,349	8,018

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

Included within creditors at the year end are outstanding pension contributions of £1,565 (2016 - £1,488).

22 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

23 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

24 Financial commitments, guarantees and contingent liabilities

The company has guaranteed liabilities of its parent company, Ian Mosey Limited, and fellow subsidiary, Ian Mosey (Feed) Limited. The guarantees are in respect of bank borrowings which at the period end amounted to £nil (2016 - £270,472) in relation to Ian Mosey Limited and £725,613 (2016 - £1,731,635) in relation to Ian Mosey (Feed) Limited.

25 Operating lease commitments

Lessee

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

	2017	2016
	£	£
Within one year	1,976	3,752
Between one and five years	616	2,361
	2,592	6,113

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	-	109,750

27 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchase of goods	
	2017 £	2016 £
Other related parties	172,075	44,074

The other related party is a partnership that comprises the directors of Ian Mosey Limited.

The amount owed to the other related party amounts to £2,040 (2016 - £4,409).

28 Controlling party

The company is a wholly owned subsidiary of Ian Mosey Limited, a company registered in England and Wales.

The smallest and largest group for which consolidated accounts including Ian Mosey (Livestock) Limited are prepared is that headed by Ian Mosey Limited. The consolidated financial statements for Ian Mosey Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.