

Company Registration No. 06833157 (England and Wales)

IAN MOSEY (LIVESTOCK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2018



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 2018

The directors present the strategic report for the year ended 31 August 2018.

Fair review of the business and key performance indicators

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

	2018 £	2017 £	Movement £	Movement %
Turnover	84,959,312	77,845,714	7,113,598	9.14
Gross profit	17,249,102	15,462,851	1,786,251	11.55
Operating profit	3,725,788	4,885,491	(1,159,703)	(23.74)

Turnover

Sales of finished pigs have risen year on year by £7.1m, an increase of 9.13% since 2017, despite the downturn in EU Spec SPP prices on a financial year average of 2.84p/kg, based on 2017 year 153.52p/kg v 150.68p/kg across 2018. This increase of £7.1m is made up of a £1.1m reduction in turnover due to the change in SPP, offset by an £8.2m upturn as a result of growth in volume of finished pigs sold of 11% being 643,416 v 578,853 in 2017.

Gross profit

The cost of sales used to calculate gross profit are made up of pig purchase costs, feeding costs and marketing costs incurred on sales to abattoirs. Gross profit is reported as 20.30% in the year to 31 August 2018 against 19.86% in 2017. The change in cost of sales of £5.3m in total is predominantly attributed to the increase in feeding costs. This rise in feed cost reflects both the increased volume of pigs sold and the change in commodity prices seen across the industry.

Operating profit

Indirect costs of pigs finishing incurred in line with any change in pig stock levels are combined with principally fixed overheads within Administrative Expenses in arriving at operating profit.

Overall the cost base has increased broadly in line with increased pig sales, after taking in to account the changes in the year of the hiring of an additional 4 field staff, increased repair and maintenance costs associated with both the renewal of equipment and haulage vehicles, along with the re-establishing of property costs at the expected level, following a one-off adjustment in the prior year.

Financial position

The company's statement of financial position shows a satisfactory position with shareholder's funds amounting to £4,309,553. The increase in amount due to group undertakings is principally attributable to £9m paid to the parent.

IAN MOSEY (LIVESTOCK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

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.

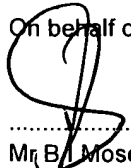
Credit Risk

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. Mosey

Director

28/5/19

IAN MOSEY (LIVESTOCK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The directors present their annual report and financial statements for the year ended 31 August 2018.

Principal activities

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

Ordinary dividends were paid amounting to £9,000,000 (2017 - £nil). The directors do not recommend payment of a further dividend.

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 each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director 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



Mr B I Mosey

Director

Date: 28/5/19

IAN MOSEY (LIVESTOCK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018

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 MEMBERS OF IAN MOSEY (LIVESTOCK) LIMITED

Opinion

We have audited the financial statements of Ian Mosey (Livestock) Limited for the year ended 31 August 2018 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 MEMBERS 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.

Use of our 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

Daniel Varley (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
30 May 2019

IAN MOSEY (LIVESTOCK) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	2017 £
Turnover	3	84,959,312	77,845,714
Cost of sales		(67,710,210)	(62,382,863)
Gross profit		17,249,102	15,462,851
Administrative expenses		(13,523,314)	(10,577,360)
Profit before taxation		3,725,788	4,885,491
Tax on profit	8	(253,970)	(953,186)
Profit for the financial year		3,471,818	3,932,305
Retained earnings brought forward		9,837,635	5,905,330
Dividends	9	(9,000,000)	-
Retained earnings carried forward		<u>4,309,453</u>	<u>9,837,635</u>

IAN MOSEY (LIVESTOCK) LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10	594,208		659,136	
Investments	11	100		100	
		<u>594,308</u>		<u>659,236</u>	
Current assets					
Stocks	12, 13	19,908,244		17,328,398	
Debtors	14	7,316,516		6,215,367	
Cash at bank and in hand		120,191		227	
		<u>27,344,951</u>		<u>23,543,992</u>	
Creditors: amounts falling due within one year	15	(23,568,222)		(14,316,266)	
Net current assets		<u>3,776,729</u>		<u>9,227,726</u>	
Total assets less current liabilities		<u>4,371,037</u>		<u>9,886,962</u>	
Provisions for liabilities	17	(61,484)		(49,227)	
Net assets		<u>4,309,553</u>		<u>9,837,735</u>	
Capital and reserves					
Called up share capital	20	100		100	
Profit and loss reserves	21	4,309,453		9,837,635	
Total equity		<u>4,309,553</u>		<u>9,837,735</u>	

The financial statements were approved by the board of directors and authorised for issue on 28/5/2019 and are signed on its behalf by:



 Mr B L Mosey
 Director

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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;
- 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 2018

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 is 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 2018

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, accrued income, amounts owed by 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 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, accruals, 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 2018

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.

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.

Leases

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 leased asset are consumed.

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

An analysis of the company's turnover, all derived in the United Kingdom, is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Farming of swine	84,959,312	77,845,714

4 Employees

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

	2018 Number	2017 Number
Production staff	34	30
Management staff	3	3
	<u>37</u>	<u>33</u>

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,300,631	1,169,685
Social security costs	131,314	121,088
Pension costs	25,289	10,349
	<u>1,457,234</u>	<u>1,301,122</u>

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	136,137	85,336
Company pension contributions to defined contribution schemes	11,553	844
	<u>147,690</u>	<u>86,180</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

6 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	112,088	79,365
Profit on disposal of tangible fixed assets	(46,315)	(45,954)
Cost of stocks recognised as an expense	66,233,884	61,076,086
Operating lease charges	7,372	5,397
	<u></u>	<u></u>

7 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	<u>7,800</u>	<u>7,500</u>
For other services		
Taxation compliance services	3,183	3,083
All other non-audit services	7,100	3,050
	<u>10,283</u>	<u>6,133</u>

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	694,016	917,103
Adjustments in respect of prior periods	(452,303)	2,543
Total current tax	241,713	919,646
Deferred tax		
Origination and reversal of timing differences	12,257	34,872
Changes in tax rates	-	(844)
Adjustment in respect of prior periods	-	(488)
Total deferred tax	12,257	33,540
Total tax charge	253,970	953,186

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 26 October 2015 and the Finance Bill 2016 on 6 September 2016. These reduce the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

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:

	2018 £	2017 £
Profit before taxation	3,725,788	4,885,491
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.58%)	707,900	956,619
Tax effect of expenses that are not deductible in determining taxable profit	(184)	650
Adjustments in respect of prior years	-	2,543
Effect of change in corporation tax rate	(1,443)	(6,626)
Research and development tax credit	(452,303)	-
Tax expense for the year	253,970	953,186

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Dividends

	2018 £	2017 £
Interim paid	9,000,000	-

Dividends of £90,000 (2017 - £nil) per Ordinary share were declared during the year.

10 Tangible fixed assets

	Freehold land £	Plant and machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost					
At 1 September 2017	3,696	712,552	24,631	102,256	843,135
Additions	-	134,750	-	-	134,750
Disposals	(3,696)	(132,900)	-	-	(136,596)
At 31 August 2018	-	714,402	24,631	102,256	841,289
Depreciation and impairment					
At 1 September 2017	-	123,408	14,339	46,252	183,999
Depreciation charged in the year	-	95,514	2,573	14,001	112,088
Eliminated in respect of disposals	-	(49,006)	-	-	(49,006)
At 31 August 2018	-	169,916	16,912	60,253	247,081
Carrying amount					
At 31 August 2018	-	544,486	7,719	42,003	594,208
At 31 August 2017	3,696	589,144	10,292	56,004	659,136

11 Fixed asset investments

	2018 £	2017 £
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 £1,696,398 (2017 - £1,504,616) and made a profit for the year of £191,782 (2017 - £169,313).

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments other than loans £
Cost	
At 1 September 2017 & 31 August 2018	100
Carrying amount	
At 31 August 2018	100
At 31 August 2017	100

12 Stocks

	Notes	2018 £	2017 £
Raw materials and consumables		474,875	223,424
Biological assets	13	19,433,369	17,104,974
		19,908,244	17,328,398

Included within the value of biological assets is a provision for impairment of £463,336 (2017 - £579,783) based upon the expected mortality rates.

13 Biological assets

	2018 £	2017 £
Cost		
At 1 September	17,104,974	15,924,390
Purchases	59,364,175	49,402,596
Sales	(54,349,350)	(46,308,240)
Deaths	(2,686,430)	(1,913,772)
At 31 August	19,433,369	17,104,974

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	6,789,538	3,047,354
Corporation tax recoverable	166,464	-
Amounts owed by group undertakings	-	2,834,891
Other debtors	296,368	272,697
Prepayments and accrued income	64,146	60,425
	<u>7,316,516</u>	<u>6,215,367</u>

15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank overdraft	16	-	437,303
Trade creditors		3,120,181	3,437,550
Amounts due to group undertakings		19,442,533	9,864,314
Corporation tax		-	442,385
Other taxation and social security		36,128	32,565
Other creditors		4,787	1,724
Accruals and deferred income		964,593	100,425
		<u>23,568,222</u>	<u>14,316,266</u>

16 Borrowings

	2018 £	2017 £
Bank overdraft	-	437,303
Payable within one year	-	437,303

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

At 31 August 2018, the total group indebtedness in respect of bank overdrafts was £nil (2017 - £nil).

17 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	18	<u>61,484</u>	<u>49,227</u>

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 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 2018 £	Liabilities 2017 £
Balances:		
Excess of taxation allowances over depreciation on fixed assets	61,862	49,374
Short term timing differences	(378)	(147)
	<u>61,484</u>	<u>49,227</u>
		2018 £
Movements in the year:		
Liability at 1 September 2017		49,227
Charge to profit or loss		12,257
Liability at 31 August 2018		<u>61,484</u>

19 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>25,289</u>	<u>10,349</u>

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 £4,073 (2017 - £1,565).

20 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>

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.

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

22 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 (2017 - £nil) in relation to Ian Mosey Limited and £nil (2017 - £725,613) in relation to Ian Mosey (Feed) Limited.

23 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:

	2018 £	2017 £
Within one year	-	1,976
Between one and five years	-	616
	<u>-</u>	<u>2,592</u>

24 Related party transactions

Transactions with related parties

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

	Sales of goods		Purchases of goods	
	2018 £	2017 £	2018 £	2017 £
Other related parties	<u>16,500</u>	<u>-</u>	<u>131,524</u>	<u>172,075</u>

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

24 Related party transactions (Continued)

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 £19,843 (2017 - £2,040).

Sales of goods to related parties were made at the company's usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2017: £nil) in respect of bad debts from related parties.

25 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 its registered office, Village Farm, Gilling East, York, North Yorkshire, YO62 4JH.