

Company Registration No. 06833157 (England and Wales)

IAN MOSEY (LIVESTOCK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2021

THURSDAY



AB2UXGLJ

A03

28/04/2022

#153

COMPANIES HOUSE

IAN MOSEY (LIVESTOCK) LIMITED

COMPANY INFORMATION

Directors	Mr B I Mosey Mrs B M Mosey Mr I J Mosey Mrs C E Duggleby Mrs S E Stark
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 2021

The directors present the strategic report for the year ended 31 August 2021.

Fair review of the business and key performance indicators

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

	2021 £	2020 £	Movement £	Movement %
Turnover	104,122,011	101,721,094	2,400,917	2.36
Gross profit	19,842,130	21,771,022	(1,928,892)	(8.86)
Gross profit %	19.06	21.40	(2.34)	
Operating profit	1,806,778	5,138,513	(3,331,735)	(64.84)

Turnover

Sales of finished pigs have risen year on year by £2.4m, an increase of 2.36% against 2020. This was driven by the number of pigs sold in the year growing by 1.65% in addition to achieving a higher average weight per pig sold. This offsets a decrease in SPP average prices in the year of 10.17p/kg, at 151.2/kg 20/21 v 161.37p/kg 19/20, to leave turnover growing broadly in line with the volume growth as described.

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 19.06% in the year to 31 August 2021 against 21.40% in 2020, a decrease of 2.34%. This is largely the result of higher feed costs which are dictated by commodity prices such as Wheat and Barley, up 31% and 24% respectively on the previous financial year. In addition to feed cost price rises feed consumption per pig also increased, reflecting longer time periods on farm which was the result of Covid-19 related supply chain disruption.

Operating profit

Direct costs of pig finishing incurred in line with any change in pig stock levels are combined with indirect principally fixed costs, to make up the total Administrative Expenses to calculate operating profit. Overall the cost base has increased broadly in line with increased pig sales at 17.32% of turnover against 16.35% comparative, after taking in to account the volume changes in the year the notable areas of cost increase are identified as pig management, haulage and vet and med, all of which saw inflationary pressure build throughout the financial year.

Balance sheet

The company's statement of financial position shows a satisfactory position with shareholder's funds amounting to £2,172,268 (2020 - £7,382,057).

The balance sheet is broadly similar to the prior year with the exception of creditors which increased by £3.7m, this primarily relates to amounts owed to group undertakings, a balance which moves in line with funding requirements.

IAN MOSEY (LIVESTOCK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Principal 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 group mitigates its exposure through arrangements with its customers and forward-facing purchasing of raw materials.

COVID-19

The directors have considered the risks associated with the current COVID-19 pandemic. Following the reporting date there have been well publicised difficulties in the pig processing sector as processors were challenged by reduced capacity from staff shortages and temporary site closures. This situation in Germany had a particular impact on EU supply, with a surplus in the market which led to a price fall in late 2020, which meant pigs were held on farm for longer. Whilst the business expects to see an associated downturn in its 2020-21 performance the directors are confident that the company remains in a strong position and a going concern.

Brexit

The potential impact of Brexit has been considered on an ongoing basis. Whilst new documentation processes have not impacted the business to the same extent as its direct supply chain, we continue to work with our customers to accommodate these changes. The directors are satisfied that this is not likely to adversely impact the company's trading performance in the short to medium term.

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, its parent, where necessary to fund any capital expenditure programmes.

Price Risk

The company reviews current trends to manage its exposure to variation in market prices and uses forward contracts to forward buy raw materials.

Credit Risk

The company mainly trades with long standing customers, 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.

IAN MOSEY (LIVESTOCK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

s172 statement

In accordance with the UK Companies Act 2006, 'A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.'

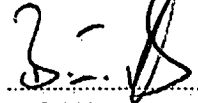
The directors of Ian Mosey (Livestock) Limited fulfil their duty to promote the success of the company as summarised below:

- Long term relationships with customers, pig producers, farmers and suppliers
- Strategic decision making for business growth and success, aligned to daily operations
- Knowledge and experience of the industry and economic influences in the macro and micro-environment
- Hedging of commodities to protect against adverse market price changes
- Progressive approach to pig husbandry
- Vertical integration for control of processes, cost control and improved efficiencies
- Research and development investment for industry learning and continuous improvement
- Close partnerships with bed and breakfast farmers, enabling their related diversification through extensions of existing farming enterprises, for sustainability of agriculture for the future
- Investing in people to increase knowledge base and train and develop the team
- Partnering with industry experts for continuous learning, advice and support, encompassing areas of compliance, technical and best practice
- Awareness and appreciation of the impact of the business on the community and environment and the need to work together, to keep Britain farming and uphold the high welfare standards of the UK farming industry

Energy and greenhouse gas emissions

The company's consideration of carbon dioxide emissions are set out in detail in the consolidated financial statements of its parent company, Ian Mosey Limited.

On behalf of the board



Mr B I Mosey
Director

Date: 8th February 2022

IAN MOSEY (LIVESTOCK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their annual report and financial statements for the year ended 31 August 2021.

Principal activities

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

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £7,000,000 (2020 - £3,000,000). The directors do not recommend payment of a further dividend.

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

Mrs S E Stark

(Appointed 1 November 2021)

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. It has done so in respect of financial risk management objectives and policies.

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.

IAN MOSEY (LIVESTOCK) LIMITED

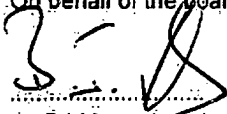
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Business relationships

Details on how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others and the effect of that regard including on the principal decisions taken by the company are included in the section 172 statement in the strategic report.

On behalf of the board



Mr B I Mosey
Director

Date: 8th February 2022

IAN MOSEY (LIVESTOCK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

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 2021 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 6, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety, environmental regulations, and pig certification. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and valuation of livestock as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the valuation of livestock by reviewing post year end information available.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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 member 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 member 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 member 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
14 February 2022

IAN MOSEY (LIVESTOCK) LIMITED

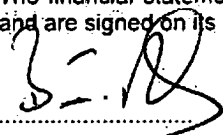
STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 £
Turnover	3	104,122,011	101,721,094
Cost of sales		(84,279,881)	(79,950,072)
Gross profit		19,842,130	21,771,022
Administrative expenses		(18,035,352)	(16,632,509)
Operating profit	6	1,806,778	5,138,513
Interest receivable and similar income		663	15,886
Profit before taxation		1,807,441	5,154,399
Tax on profit	8	(17,230)	1,743,723
Profit for the financial year		1,790,211	6,898,122
Retained earnings brought forward		7,381,957	3,483,835
Dividends	9	(7,000,000)	(3,000,000)
Retained earnings carried forward		2,172,168	7,381,957

IAN MOSEY (LIVESTOCK) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 AUGUST 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10	185,233		286,731	
Investments	11	100		100	
		<u>185,333</u>		<u>286,831</u>	
Current assets					
Stocks	12, 13	24,004,401		25,063,335	
Debtors	14	9,501,125		9,955,199	
Cash at bank and in hand		387,594		370,908	
		<u>33,893,120</u>		<u>35,389,442</u>	
Creditors: amounts falling due within one year	15	(31,863,716)		(28,246,385)	
Net current assets		<u>2,029,404</u>		<u>7,143,057</u>	
Total assets less current liabilities		<u>2,214,737</u>		<u>7,429,888</u>	
Provisions for liabilities	16	(42,469)		(47,831)	
Net assets		<u>2,172,268</u>		<u>7,382,057</u>	
Capital and reserves					
Called up share capital	19	100		100	
Profit and loss reserves	20	2,172,168		7,381,957	
Total equity		<u>2,172,268</u>		<u>7,382,057</u>	

The financial statements were approved by the board of directors and authorised for issue on 8th February 2022 and are signed on its behalf by:


 Mr B I Mosey
 Director

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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 and principal place of business 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 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. The directors have received confirmation from the parent that they will continue to provide financial support to the company for at least a period of 12 months from the date of approval of these financial statements and they will not seek repayment of group balances to the detriment of the company within that same period.

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 2021

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:

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. Stock is calculated on a FIFO (first in first out) basis.

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 fattener 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 2021

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 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 and amounts due to group undertakings 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 2021

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 transaction 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.

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. Differences between contributions payable in the year and contributions actually paid are shown as other creditors.

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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.

There are no individual judgements that the directors consider to be material to the financial statements.

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 13 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:

	2021 £	2020 £
Turnover analysed by class of business		
Farming of swine	104,122,011	101,721,094

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

4 Employees

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

	2021 Number	2020 Number
Production staff	63	52
Management staff	2	2
Total	65	54

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,348,207	1,689,899
Social security costs	233,591	169,923
Pension costs	66,374	50,311
	2,648,172	1,910,133

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	171,099	159,955
Company pension contributions to defined contribution schemes	14,578	14,312
	185,677	174,267

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

6 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	43,043	63,526
Loss on disposal of tangible fixed assets	1,455	3,571
Impairment of stocks recognised or reversed	1,155,816	381,200

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

7 Auditor's remuneration		
	2021	2020
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	12,000	9,750
For other services		
Taxation compliance services	3,350	3,350
All other non-audit services	7,450	7,450
	<u>10,800</u>	<u>10,800</u>
8 Taxation		
	2021	2020
	£	£
Current tax		
Adjustments in respect of prior periods	22,592	(1,738,767)
Deferred tax		
Origination and reversal of timing differences	(20,467)	1,478,512
Changes in tax rates	15,105	6,210
Adjustment in respect of prior periods	-	(1,489,678)
Total deferred tax	<u>(5,362)</u>	<u>(4,956)</u>
Total tax charge/(credit)	<u>17,230</u>	<u>(1,743,723)</u>

In the March 2021 Budget it was announced that the standard rate of corporation tax would remain at 19%, increasing to 25% from 1 April 2023, and this change was substantively enacted on 24 May 2021. The UK deferred tax liability as at 31 August 2021 has been calculated based on this rate, with any additional movements in the tax charge as a result of the change in rates shown in the reconciliation below.

The adjustment in respect of prior periods relates to research and development tax credit claims for prior years.

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

8 Taxation (Continued)

The total tax charge/(credit) 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:

	2021 £	2020 £
Profit before taxation	1,807,441	5,154,399
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	343,414	979,336
Tax effect of expenses that are not deductible in determining taxable profit	-	1,057
Adjustments in respect of prior years	22,592	(1,738,767)
Effect of change in corporation tax rate	-	6,210
Group relief	111,661	498,119
Research and development tax credit	(470,629)	-
Deferred tax adjustments in respect of prior years	-	(1,489,678)
Effect of change in deferred tax rate	10,192	-
Tax expense for the year	17,230	(1,743,723)

9 Dividends

	2021 £	2020 £
Interim paid	7,000,000	3,000,000

Dividends of £70,000 (2020 - £30,000) per Ordinary share of £1 each were declared during the year.

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Tangible fixed assets

	Plant and machinery £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 September 2020	477,252	24,631	93,456	595,339
Disposals	(110,000)	-	-	(110,000)
At 31 August 2021	367,252	24,631	93,456	485,339
Depreciation and impairment				
At 1 September 2020	215,550	20,289	72,769	308,608
Depreciation charged in the year	36,785	1,086	5,172	43,043
Eliminated in respect of disposals	(51,545)	-	-	(51,545)
At 31 August 2021	200,790	21,375	77,941	300,106
Carrying amount				
At 31 August 2021	166,462	3,256	15,515	185,233
At 31 August 2020	261,702	4,342	20,687	286,731

11 Fixed asset investments

	2021 £	2020 £
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 £2,043,141 (2020 - £1,959,719) and made a profit for the year of £83,422 (2020 - £32,474).

Movements in fixed asset investments

	Investments other than loans £
Cost	
At 1 September 2020 & 31 August 2021	100
Carrying amount	
At 31 August 2021	100
At 31 August 2020	100

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

12 Stocks

	Notes	2021 £	2020 £
Raw materials and consumables		721,104	744,967
Biological assets	13	23,283,297	24,318,368
		<u>24,004,401</u>	<u>25,063,335</u>

Included within the value of biological assets is a provision for impairment of £2,041,787 (2020 - £1,978,250).

13 Biological assets

	2021 £	2020 £
Cost		
Brought forward	24,318,368	21,612,808
Purchases	73,033,085	74,023,560
Sales	(68,909,184)	(67,426,100)
Deaths	(5,158,972)	(3,891,900)
Carried forward	<u>23,283,297</u>	<u>24,318,368</u>

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	7,151,482	7,119,479
Corporation tax recoverable	1,061,902	2,148,767
Amounts owed by group undertakings	547,932	-
Other debtors	623,938	597,751
Prepayments	115,871	89,202
	<u>9,501,125</u>	<u>9,955,199</u>

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,716,259	2,061,548
Amounts due to group undertakings	28,968,142	23,958,118
Other taxation and social security	59,225	50,894
Other creditors	13,275	33,925
Accruals	1,106,815	2,141,900
	<u>31,863,716</u>	<u>28,246,385</u>

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

16 Provisions for liabilities

	Notes	2021 £	2020 £
Deferred tax liabilities	17	42,469	47,831

17 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 2021 £	Liabilities 2020 £
Balances:		
Excess of taxation allowances over depreciation on fixed assets	43,468	48,590
Short term timing differences	(999)	(759)
	42,469	47,831

	2021 £
Movements in the year:	
Liability at 1 September 2020	47,831
Credit to profit and loss	(5,362)
Liability at 31 August 2021	42,469

18 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	66,374	50,311

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 £9,888 (2020 - £8,241).

19 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

IAN MOSEY (LIVESTOCK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Share capital (Continued)

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.

20 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

21 Financial commitments, guarantees and contingent liabilities

Ian Mosey Limited, the parent company, has registered fixed and floating charges over the assets and intellectual property owned by the company at any time.

22 Related party transactions

Transactions with related parties

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

	Sales		Purchases	
	2021	2020	2021	2020
	£	£	£	£
Other related parties	46,358	42,533	168,212	143,944

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 £1,260 (2020 - £3,873).

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 current or previous year in respect of bad debts from related parties.

23 Directors' transactions

Included within other creditors is £217 (2020 - £542) owed to the directors of the company.

24 Ultimate 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.