

**Landcatch Natural Selection
Limited**

Report and Financial Statements

Year Ended

31 December 2016

Company Number SC214851



Landcatch Natural Selection Limited

Company Information

Directors Hendrix Genetics B.V
N J Manchester
D Danson

Registered number SC214851

Registered office Ormsary Fish Farm
Ormsary
Lochgilphead
Argyll
PA31 8PE

Independent auditor BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

Landcatch Natural Selection Limited

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Landcatch Natural Selection Limited

Registered number:SC214851

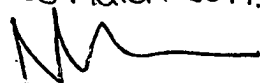
Balance Sheet As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	6	1,277,295	1,177,424
		<u>1,277,295</u>	<u>1,177,424</u>
Current assets			
Stocks	7	2,637,538	2,302,201
Debtors: amounts falling due within one year	8	1,345,306	1,317,253
Cash at bank and in hand	9	207,082	181,794
		<u>4,189,926</u>	<u>3,801,248</u>
Creditors: amounts falling due within one year	10	(2,796,311)	(1,930,078)
Net current assets		<u>1,393,615</u>	<u>1,871,170</u>
Total assets less current liabilities		<u>2,670,910</u>	<u>3,048,594</u>
Creditors: amounts falling due after more than one year		(21,987)	(35,259)
Net assets		<u><u>2,648,923</u></u>	<u><u>3,013,335</u></u>
Capital and reserves			
Called up share capital		1,985,367	1,985,367
Profit and loss account	15	663,556	1,027,968
		<u><u>2,648,923</u></u>	<u><u>3,013,335</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The company has not delivered a copy of the Statement of Comprehensive Income or Statement of Changes in Equity to Companies House.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2017.



N J Manchester
Director

The notes on pages 2 to 15 form part of these financial statements.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

1. General information

Landcatch Natural Selection Limited is a company incorporated in Scotland under the Companies Act 2006, limited by shares. The address of the registered office and company number are given on the contents page. The company's principal activities are salmon breeding and the production of salmon eggs, parr and smolts.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (Section 1A), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

No level of rounding has been applied to these financial statements. The company's functional and presentational currency is GBP.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

An audit of the company's financial statements was carried out by BDO LLP as statutory auditor who reported to the company's members on 30 March 2017. The auditor's report was signed by Mark McCluskey as senior statutory auditor and was unqualified.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for at least 12 months from the date of signing of these financial statements. The company meets its day to day working capital requirements via participation in the banking arrangements of the Hendrix Genetics BV group. Hendrix Genetics BV group have stated they will continue to support the company's cash flow requirements as required.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Buildings	- 4% - 10%
Plant and machinery	- 6% - 25%
Motor vehicles	- 25%
Office equipment	- 10% - 20%
Computer equipment	- 50%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.5 Stocks

Stocks are valued at the lower of cost and net realisable value as follows:

Cost is actual purchase cost, feeding costs, attributable labour and production overheads, based on a normal activity level less an allowance for mortalities during the growth cycle. Net realisable value is based on estimated selling prices less estimated selling costs.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other trade debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Income and Retained Earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.12 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Pensions

Contributions to the company's defined contribution pension scheme are charged to the Statement of Income and Retained Earnings in the year in which they become payable.

2.15 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements the directors have made the following judgement:

- The determination of the useful economic lives of the fixed assets and the depreciation rates applied
- Determine whether any bad debt provision is required via review of trade debtors, with debts provided for on a specific basis. Factors considered include customer payment history and agreed payment terms.
- Whether any stock provision is necessary via review of stock quantities against future contracted sales.

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

4. Employee numbers

	2016 No	2015 No
Average monthly number of employees	28	27
	<u>28</u>	<u>27</u>

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

5. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	(33,760)	(24,597)
Adjustments in respect of previous periods	(12,621)	-
	<u>(46,381)</u>	<u>(24,597)</u>
Total current tax	<u>(46,381)</u>	<u>(24,597)</u>
Deferred tax		
Origination and reversal of timing differences	-	(120,000)
Total deferred tax	<u>-</u>	<u>(120,000)</u>
Taxation on loss on ordinary activities	<u>(46,381)</u>	<u>(144,597)</u>

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

5. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from (2015 - differs from) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	<u>(410,793)</u>	<u>615,883</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(82,159)	124,716
Effects of:		
Deferred tax asset recognised	-	(120,000)
Fixed asset differences	6,788	(1,206)
Adjustments to tax charge in respect of prior periods	(12,621)	-
Expenses not deductible for tax purposes	1,891	713
R&D expenditure credits	8,440	6,168
RDEC repayable tax credit	(33,760)	(24,597)
Utilisation of RDEC brought forward	-	(4,907)
Chargeable gains	-	4,357
Adjust deferred tax rates to average rate and deferred tax not recognised	65,040	(129,841)
Total tax charge for the year	<u><u>(46,381)</u></u>	<u><u>(144,597)</u></u>

Factors that may affect future tax charges

The company has a total potential deferred tax asset of £1,100,819 due to availability of tax losses and capital allowances at 31 December 2016 (2015: £1,099,335 subject to approval by HMRC).

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

6. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Office Equipment £	Computer equipment £	Total £
Cost					
At 1 January 2016	561,295	5,920,984	95,954	87,378	6,665,611
Additions	44,592	257,538	-	-	302,130
At 31 December 2016	605,887	6,178,522	95,954	87,378	6,967,741
Depreciation					
At 1 January 2016	413,363	4,964,870	30,137	79,817	5,488,187
Charge for the year	13,774	175,005	8,255	5,225	202,259
At 31 December 2016	427,137	5,139,875	38,392	85,042	5,690,446
Net book value					
At 31 December 2016	178,750	1,038,647	57,562	2,336	1,277,295
At 31 December 2015	147,932	956,114	65,817	7,561	1,177,424

7. Stocks

	2016 £	2015 £
Live stocks	2,545,485	2,217,908
Sundry stocks	92,053	84,293
	2,637,538	2,302,201

Stock recognised in cost of sales during the year as an expense was £3,438,141 (2015 - £4,009,026).

An impairment loss of £616,679 (2015 - £NIL) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

8. Debtors

	2016 £	2015 £
Trade debtors	522,362	445,826
Amounts owed by group undertakings	295,662	242,070
Other debtors	407,282	509,357
Deferred taxation	120,000	120,000
	<u>1,345,306</u>	<u>1,317,253</u>

9. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	207,082	181,794
Less: bank overdrafts	(1,119,146)	(321,818)
	<u>(912,064)</u>	<u>(140,024)</u>

10. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	1,119,146	321,818
Trade creditors	667,744	819,013
Amounts owed to group undertakings	323,967	341,779
Other taxation and social security	20,411	25,368
Other creditors	665,043	422,100
	<u>2,796,311</u>	<u>1,930,078</u>

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

11. Creditors

	2016 £	2015 £
Deferred grant		
At 1 January 2016	35,259	48,531
Released in the year	(13,272)	(13,272)
At 31 December 2016	21,987	35,259

12. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at amortised cost	1,025,106	869,690
	1,025,106	869,690
Financial liabilities		
Other financial liabilities measured at amortised cost	2,775,900	1,904,710
	2,775,900	1,904,710

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed by group undertaking, and accrued income.

Financial liabilities measured at amortised cost through profit or loss comprise bank overdraft, trade creditors, amounts owed to group undertakings and other creditors.

13. Deferred taxation

	2016 £	2015 £
At beginning of year	120,000	-
Charged to profit or loss	-	120,000
At end of year	120,000	120,000

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

13. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2016 £	2015 £
Deferred taxation	140,338	134,455
Fixed asset timing differences	(20,338)	(14,455)
	<u>120,000</u>	<u>120,000</u>

The total potential deferred tax asset is disclosed in note 10.

14. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £48,696 (2015 - £35,486). Contributions amounting to £6,387 (2015 - £5,886) were payable to the fund and are included in creditors.

15. Reserves

Profit and loss account

The profit and loss account includes all current and prior year retained profits.

16. Capital commitments

At 31 December 2016 the company had capital commitments of £Nil (2015 - £70,000).

Landcatch Natural Selection Limited

Notes to the Financial Statements For the Year Ended 31 December 2016

17. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Property		
Not later than 1 year	215,600	169,092
Later than 1 year and not later than 5 years	862,400	676,368
Later than 5 years	2,211,532	1,775,466
	<u>3,289,532</u>	<u>2,620,926</u>
	2016 £	2015 £
Utilities		
Not later than 1 year	481,164	457,008
Later than 1 year and not later than 5 years	1,924,656	1,828,032
Later than 5 years	4,571,058	4,798,584
	<u>6,976,878</u>	<u>7,083,624</u>

18. Related party disclosure

The company is a wholly owned subsidiary of Joice and Hill Poultry Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 102 not to disclose transactions with other wholly owned group companies.

19. Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Joice and Hill Poultry Limited which is incorporated in the UK.

The largest group in which the results of the company are consolidated is that headed by Hendrix Genetics B.V., incorporated in the Netherlands. The consolidated accounts are available to the public and may be obtained from the parent company headquarters.

20. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.