

**Landcatch Natural Selection
Limited**

Financial Statements

Year Ended

31 December 2017

Company Number SC214851

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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
Bankers	Royal Bank of Scotland 122 Cathcart Street Greenock PA15 1BA
Solicitors	Murray Snell 40 North Castle Street Edinburgh EH2 3BN

Landcatch Natural Selection Limited

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Landcatch Natural Selection Limited
Registered number: SC214851

Balance Sheet
As at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	5	1,285,837	1,277,295
		<u>1,285,837</u>	<u>1,277,295</u>
Current assets			
Stocks	6	1,395,632	2,637,538
Debtors: amounts falling due within one year	7	1,196,522	1,345,306
Cash at bank and in hand	8	166,525	207,082
		<u>2,758,679</u>	<u>4,189,926</u>
Creditors: amounts falling due within one year	9	(1,969,732)	(2,796,311)
Net current assets		<u>788,947</u>	<u>1,393,615</u>
Total assets less current liabilities		<u>2,074,784</u>	<u>2,670,910</u>
Creditors: amounts falling due after more than one year		(10,529)	(21,987)
Net assets		<u><u>2,064,255</u></u>	<u><u>2,648,923</u></u>
Capital and reserves			
Called up share capital		1,985,367	1,985,367
Profit and loss account		78,888	663,556
		<u><u>2,064,255</u></u>	<u><u>2,648,923</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 March 2018.

D Danson
Director



The notes on pages 2 to 12 form part of these financial statements.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the year ended 31 December 2017

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 included in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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.

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).

The following principal accounting policies have been applied:

2.2 Going concern

The company has a loss of £584,668, current assets of £788,947 and net assets of £2,064,255 for 2017. 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 with sufficient headroom available for at least the next 12 months.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the year ended 31 December 2017

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 2017

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 2017

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 2017

2. Accounting policies (continued)

2.11 Foreign currency translation

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.

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the year ended 31 December 2017

2. Accounting policies (continued)

2.15 Interest income

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

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.

2.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the year ended 31 December 2017

2. Accounting policies (continued)

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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 2, the directors have made the following judgements:

Tangible Fixed Assets

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Tangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, the projected term of economic use is considered with reference to similar assets historically and the condition of the asset. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Stock is reviewed annually for any potential indicators of impairment taking into account the condition of the stocks and future projected economic return. Where required an impairment is processed.

The debtors are reviewed for any potential irrecoverable amounts and where applicable a specific provision for doubtful debts are raised.

4. Employees

The average monthly number of employees, including directors, during the year was 28 (2016 - 28).

Landcatch Natural Selection Limited

Notes to the Financial Statements For the year ended 31 December 2017

5. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Office Equipment £	Computer equipment £	Total £
Cost					
At 1 January 2017	605,887	6,178,522	95,954	87,378	6,967,741
Additions	-	239,306	-	-	239,306
Disposals	(185,000)	-	-	-	(185,000)
At 31 December 2017	420,887	6,417,828	95,954	87,378	7,022,047
Depreciation					
At 1 January 2017	427,137	5,139,875	38,392	85,042	5,690,446
Charge for the year	11,990	187,783	8,255	2,336	210,364
Disposals	(164,600)	-	-	-	(164,600)
At 31 December 2017	274,527	5,327,658	46,647	87,378	5,736,210
Net book value					
At 31 December 2017	146,360	1,090,170	49,307	-	1,285,837
At 31 December 2016	178,750	1,038,647	57,562	2,336	1,277,295

6. Stocks

	2017 £	2016 £
Live stocks	1,300,981	2,545,485
Sundry stocks	94,651	92,053
	<u>1,395,632</u>	<u>2,637,538</u>

Stock recognised in cost of sales during the year as an expense was £4,078,623 (2016 - £3,438,141).

An impairment loss of £592,822 (2016 - £NIL) was recognised in cost of sales against broodstock write off.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the year ended 31 December 2017

7. Debtors

	2017 £	2016 £
Trade debtors	275,298	522,362
Amounts owed by group undertakings	536,013	295,662
Other debtors	385,211	407,282
Deferred taxation	-	120,000
	<u>1,196,522</u>	<u>1,345,306</u>

8. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	166,525	207,082
Less: bank overdrafts	(328,529)	(1,119,146)
	<u>(162,004)</u>	<u>(912,064)</u>

9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	328,529	1,119,146
Trade creditors	548,852	667,744
Amounts owed to group undertakings	785,522	323,967
Other taxation and social security	21,973	20,411
Other creditors	284,856	665,043
	<u>1,969,732</u>	<u>2,796,311</u>

10. Deferred Grant Income

	2017 £	2016 £
At 1 January 2017	21,987	35,259
Released in the year	(11,458)	(13,272)
At 31 December 2017	<u>10,529</u>	<u>21,987</u>

Landcatch Natural Selection Limited

Notes to the Financial Statements For the year ended 31 December 2017

11. Deferred taxation

	2017 £	2016 £
At beginning of year	120,000	120,000
Charged to profit or loss	(120,000)	-
	<u> </u>	<u> </u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Losses	38,476	140,338
Fixed asset timing differences	(31,020)	(20,338)
Short term timing differences	(7,456)	-
	<u> </u>	<u> </u>
	-	120,000
	<u> </u>	<u> </u>

12. 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 £79,065 (2016 - £48,696). Contributions amounting to £6,604 (2016 - £6,387) were payable to the fund and are included in creditors.

Landcatch Natural Selection Limited

Notes to the Financial Statements For the year ended 31 December 2017

13. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Property		
Not later than 1 year	221,240	215,600
Later than 1 year and not later than 5 years	884,960	862,400
Later than 5 years	2,043,872	2,211,532
	<u>3,150,072</u>	<u>3,289,532</u>
	2017 £	2016 £
Utilities		
Not later than 1 year	491,760	481,164
Later than 1 year and not later than 5 years	1,967,040	1,924,656
Later than 5 years	4,179,960	4,571,058
	<u>6,638,760</u>	<u>6,976,878</u>

14. Related party transactions

The company is a wholly owned subsidiary within the Hendrix Genetics B.V. group and has taken advantage of the exemption conferred by Financial Reporting Standard 102 not to disclose transactions with other wholly owned group companies.

Directors Remuneration for the year ended 31 December 2017 was £69,787 (2016- £112,335).

15. 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.

16. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed on 29 March 2018 by Mark McCluskey (Senior Statutory Auditor) on behalf of BDO LLP.