

Company Registration No. 00716304

**Pig Improvement Company UK
Limited**

Annual report and Financial Statements

For the year ended 30 June 2022

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Pig Improvement Company UK Limited

Report and financial statements 2022

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Pig Improvement Company UK Limited

Officers and professional advisers

Directors

S Wilson
D Noonan
A Henriksen
J Kramer

Secretary

V Walton

Registered office

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Bankers

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PO Box 42
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Solicitors

Morgan Cole
3 West Way,
Oxford, OX2 0SZ

Pig Improvement Company UK Limited

STRATEGIC REPORT

The directors present their strategic report and the financial statements of Pig Improvement Company UK Limited (the Company) for the year ended 30 June 2022. The Company is a part of the Genus plc group.

Business review and principal activities

The principal activities of the Company are the sale of breeding pigs and porcine semen and the receipt of royalty income from licensing the use of its intellectual property, trademarks and patents.

The start of the year saw the UK Pig Farmers continuing to battle the backlog of pigs on farms which was a legacy issue caused by Covid-19, and, when compounded by staff shortages, made a difficult start to the year. Rising animal feed prices reduced margins below cost of production and these losses were then further increased due to the war in the Ukraine which significantly raised feed costs, fuel prices and latterly labour costs to the extent that cost of production in Q2 2022 had increased around 55% over the previous period 2 years earlier. Market prices lifted gradually through the year but did not go above the average cost of production. The UK published meat price hit the highest level in its history, which should have seen celebration in the industry but even given this average producers are quoted at losing around £28 per pig. UK retailers have offered some financial support during the latter part of the year for UK pig farmers, but the rising cost of production continues to be a major challenge. The consequences of these conditions are that the overall sow breeding herd looks set to decline by 15-20% in the UK market and there will be considerable market consolidation and integration. It should be noted that despite the expected decline in sow numbers, due to the rate of genetic improvement in our product the overall number of pigs produced per sow per year continues to increase.

The European Pork Industry also experienced significant negative challenges from increases in feed and fuel costs. Additionally, countries such as Romania, Germany, Poland and more latterly Italy suffered outbreaks of African Swine Fever which while increasing production challenges at a local level also impacted exports especially to countries outside of EU such as China. This made overall exports from the EU more difficult which caused further depression of the overall market and pig price. Overall a steady decline of sow breeding numbers in EU has been accelerated especially in the less consolidated and integrated northern countries.

The overall strategy of the Company remains to focus on the larger more integrated businesses and access more fragmented market places through other channels such as local distributors. With these routes to market the business aim is to pursue a Royalty model where possible. The strategic collaboration with Hermitage AI Ltd on the UK semen supply chain continues to deliver the expected operational efficiencies. The strategic partnership made with Møllevang Genetics three years ago has continued to operate successfully with PIC using its technology platform and selection programme to improve and further differentiate the Møllevang genes and further enhance the PIC genetic offering.

Overseas operations continued to perform well and deliver the expected growth.

Review of the business

The directors consider the profit achieved before taxation of £19,528,000 (2021: £21,718,000) and the state of affairs of the Company to be satisfactory, given the economic climate. The directors remain confident about the group and individual company's future performances, which are further encouraged by the post year-end performance of the Company.

Activities

A summary of the main performance indicators is given below:

	2022	As restated ¹
	£'000	2021 £'000
Revenue ¹	45,588	54,352
Operating profit	19,477	19,928
Profit before taxation	19,528	21,718

¹ See note 1 for details of the prior period restatement.

Pig Improvement Company UK Limited

STRATEGIC REPORT (continued)

In the opinion of the directors, the following are the Company's key performance indicators:

- Revenue for the year to 30 June 2022 decreased by 16%.
- Royalties for the year to 30 June 2022 increased by 4%.
- Profit before taxation decreased by 10%, from £21,718,000 to £19,528,000.

The Company's balance sheet on page 10 shows that the Company's financial position at the year end is strong in net asset terms.

The directors are confident about future prospects and do not anticipate any change in the nature of the business carried out by the Company.

Principal risks and uncertainties

The Board is responsible for the total process of risk management throughout the Company as well as forming an opinion on the effectiveness of this process. The Board monitors risk management activities and actively participates in discussions around risk topics raised.

The Board regularly reviews their principal risks and uncertainties and follows a consistent approach by identifying and prioritising 'high risk' areas. Mitigating actions and associated monitoring and assurance activities are identified for each 'high risk' area. In addition, responsible executive level employees have been identified to monitor and manage specific areas on behalf of the Company on an ongoing basis. This allows the Board to get a better understanding of the context within which risks occur and identify probable areas for risk mitigation and organisational control.

The risk management process has identified certain key risks faced by the Company. The risks identified below do not necessarily comprise all those affecting the Company and the risks listed are not set out in any particular order of priority. Additional risks and uncertainties not presently known to the Company or the directors or that the Company or the directors currently deem immaterial may also adversely affect the Company's business or operations.

Product development and competitive edge

Development programme fails to produce best genetics for customers. Increased competition in the market reduces market share and margins.

We have dedicated teams within the Genus Group who align our product development to customer requirements, while our technical services help customers to make best use of our products. We frequently measure our performance against competitors in customers' systems to ensure the value added by our genetics remains competitive.

Biosecurity and continuity of supply

Loss of key livestock, owing to disease outbreak. Loss of ability to move animals or semen freely (including across borders) due to disease outbreak, environmental incident or international trade sanctions. Industry-wide disease outbreaks affecting demand for Genus products.

We have stringent bio-security standards, with independent reviews throughout the year to ensure compliance. Within the Genus Group we continue to extend the geographical diversity of our production facilities, to avoid over-reliance on single sites.

Intellectual Property Protection

Genus-developed genetic material, methods and technology could become freely available to third parties. We have a global, cross-functional process to identify and protect our intellectual property. Our customer contracts and our selection of multipliers and joint venture partners include appropriate measures to protect our IP.

Human Resources

Failure to attract or retain skills and experience within our executive, management and employee cohorts.

We manage our talent risk through comprehensive people plans, covering recruitment, performance management, reward, succession planning, communication and engagement.

Pig Improvement Company UK Limited

STRATEGIC REPORT (continued)

Section 172 statement

Section 172(1) of the Companies Act 2006 ('s172') imposes a general duty on every company director to act, in good faith, in the way they consider would be most likely to promote the success of the Company for the benefit of its shareholders. In doing so, directors must take into account a list of factors that include:

- the likely long-term consequences of Board decisions;
- how the Company's actions and behaviours affect customers, employees, suppliers, the community and the environment;
- the desirability of maintaining a reputation for high standards of business conduct; and
- the need to act fairly between shareholders.

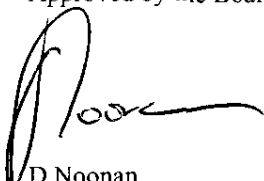
As a result of the group governance structure the matters that the board are responsible for considering under s172 have been considered to an appropriate extent by the Genus PLC (the ultimate controlling party and parent undertaking) board in relation both to the group and to this entity. S. Wilson and A. Henriksen are members of both Company board and the Genus PLC board. The board of the Company have also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of the entity, an explanation of how the group board has considered the matters set out in s172 is set out on page 41 of Genus PLC's 2022 annual report, which does not form part of this report.

Going concern

The Company's business activities are detailed above. Liquidity is managed at group level using long term group bank facilities and further details regarding the going concern assumption are included in note 1 to the financial statements. The directors are confident that, if required, group support will be forthcoming.

Having considered the current uncertain economic environment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board and signed on its behalf by:



D Noonan

Director

16 December 2022

Pig Improvement Company UK Limited

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 30 June 2022.

Directors

The directors who served the Company during the year and to the date of signing of these accounts are as shown on page 1.

During the year and up to the date of these financial statements, the Company had in place qualifying third party indemnity insurance for the benefit of all directors.

Dividends

The directors paid a final dividend of £18,000,000 (2021: £12,000,000). The directors do not recommend the payment of a dividend after year end 30 June 2022 (2021: £nil).

Future developments

The directors expect the general level of activity to remain consistent with 2022 in the forthcoming year.

Research and development

The Company continues to invest in research and development programmes to maintain its market leading position.

Financial risk management objectives and policies

The Group's Corporate Treasury function provides services to the Company, co-ordinates our access to domestic and international financial markets, and monitors and manages the financial risks relating to the Company's operations, through internal risk reports that analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

We seek to minimise the effects of these risks by hedging them using derivative financial instruments. Our use of financial derivatives is governed by policies approved by the Board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Board of directors regularly reviews our compliance with policies and exposure limits. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Key financial risks and exposures are monitored through a monthly report to the Board of directors, together with an annual Board review of corporate treasury matters.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange contracts to manage and hedge these exposures.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables (including balances with related parties). The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Pig Improvement Company UK Limited

DIRECTORS' REPORT (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mix of short term cash and intercompany debt finance.

Employment policies

The Company's policies respect the individual regardless of gender, race or religion. Full and fair consideration is given to applications for employment from disabled people. The services of employees who become disabled are retained wherever possible and training, career development and promotion opportunities are provided where appropriate.

The Genus group has a well-established structure to communicate with employees at every level and to encourage their involvement regarding the group's performance and future activities.

From the perspective of the board, as a result of the group governance structure, whereby the Company's board is embedded within the Genus PLC board ('the group board'), the group board has taken the lead in carrying out the duties of a board in respect of the Company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the Company during the financial year). The board of the Company has also considered relevant matters where appropriate. An explanation of how the group board has carried out these responsibilities is set out on page 54 of the Genus PLC annual report, which does not form part of this report.

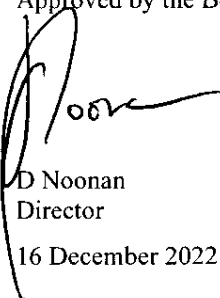
Other stakeholders

Similarly, from the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the Company's other stakeholders. The board of the Company has also considered relevant matters where appropriate. An explanation of how the directors on the group board 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 during the financial year, is set out (for the group and for the entity) on page 42 of the group's annual report, which does not form part of this report.

Environmental policy

The directors recognise and accept that concern for the environment is an essential part of business strategy and seek to minimise risk to the environment by effective management of the Company's activities.

Approved by the Board of directors and signed on behalf of the Board



D Noonan
Director
16 December 2022

Pig Improvement Company UK Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgments 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; and
- 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.

Pig Improvement Company UK Limited

Income statement Year ended 30 June 2022

			As restated ¹
	Notes	2022 £'000	2021 £'000
Revenue	2	45,588	54,352
Changes in stocks of finished goods and work in progress		(8)	(19)
Raw materials and consumables		(9,925)	(16,857)
Staff costs	5	(1,285)	(1,782)
Depreciation		(15)	(12)
Amortisation		(1,903)	(1,903)
Exceptional costs – pension related		(433)	-
Other operating charges		(12,542)	(13,851)
Operating profit	3	19,477	19,928
Income from other fixed asset investments		57	1,697
Profit before net finance(expense)/income		19,534	21,625
Net finance (expense)/income	4	(6)	93
Profit before taxation		19,528	21,718
Tax charge on profit	7	(3,700)	(3,863)
Profit after taxation		15,827	17,855

1 See note 1 for details of the prior period restatement.

All amounts are derived from continuing activities.

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income Year ended 30 June 2022

	Notes	2022 £'000	2021 £'000
Profit for the financial year		15,827	17,855
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Actuarial gain on retirement benefit obligations	14	102	189
(Loss)/gain on equity instruments measured at fair value	10	(6,100)	6,987
Tax relating to component of other comprehensive income	7	1,493	(1,764)
Other comprehensive (loss)/income for the year		(4,505)	5,412
Total comprehensive income for the year		11,322	23,267

The accompanying notes form an integral part of these financial statements.

Pig Improvement Company UK Limited

Statement of changes in equity Year ended 30 June 2022

	Note	Called up Share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2020		186	8	23	41,212	41,429
Actuarial gain on retirement benefit obligations	14	-	-	-	189	189
Gain on equity instruments measured at fair value (net of tax)	10	-	-	-	5,223	5,223
Other comprehensive income for the year		-	-	-	5,412	5,412
Profit for the year		-	-	-	17,855	17,855
Movement on foreign exchange		-	-	(19)	-	(19)
Total comprehensive income for the financial year		-	-	(19)	23,267	23,248
Dividend Paid		-	-	-	(12,000)	(12,000)
At 30 June 2021		186	8	4	52,479	52,677
Actuarial gain on retirement benefit obligations	14	-	-	-	102	102
Loss on equity instruments measured at fair value (net of tax)	10	-	-	-	(4,607)	(4,607)
Other comprehensive loss for the year		-	-	-	(4,505)	(4,505)
Profit for the year		-	-	-	15,827	15,827
Total comprehensive income for the financial year		-	-	-	11,322	11,322
Transfer		-	-	(4)	4	-
Dividend Paid		-	-	-	(18,000)	(18,000)
At 30 June 2022		186	8	-	45,805	45,999

A dividend of £9.69 per ordinary share was declared and paid during the year (2021: £6.46 per ordinary share). The directors do not recommend the payment of a final dividend (2021: £nil).

The accompanying notes form an integral part of these financial statements.

Pig Improvement Company UK Limited

Balance sheet As at 30 June 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	8	13,363	15,266
Tangible assets	9	55	30
Investments	10	26,563	31,959
Deferred tax asset	16	57	-
		<u>40,038</u>	<u>47,255</u>
Current assets			
Stocks	11	232	210
Debtors	12	11,787	11,691
Cash at bank and in hand		676	1,579
		<u>12,695</u>	<u>13,480</u>
Creditors: amounts falling due within one year	13	<u>(6,595)</u>	<u>(6,324)</u>
Net current assets		<u>6,100</u>	<u>7,156</u>
Total assets less current liabilities		<u>46,138</u>	<u>54,411</u>
Retirement benefit obligations	14	(139)	(307)
Deferred tax liability	16	-	(1,427)
		<u>45,999</u>	<u>52,677</u>
Net assets		<u>45,999</u>	<u>52,677</u>
Capital and reserves			
Called up share capital	17	186	186
Share premium account		8	8
Other reserves		-	4
Profit and loss account		45,805	52,479
		<u>45,999</u>	<u>52,677</u>
Shareholder's funds		<u>45,999</u>	<u>52,677</u>

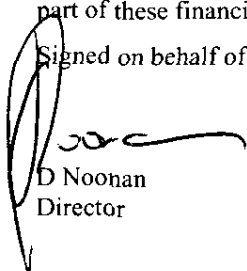
For the year ending 30 June 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the ACT with respect to accounting records and the preparation of accounts.

The financial statements of Pig Improvement Company UK Limited (registration number 00716304) were approved by the Board of Directors and authorised for issue on 16 December 2022. The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Board of Directors



D Noonan
Director

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Pig Improvement Company UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Pig Improvement Company Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Pig Improvement Company Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in relation to, financial instruments, presentation of a cash flow statement, share based payments, intra-group transactions, remuneration of key management personnel and exposure to financial risks and financial assets and liabilities defined as financial instruments.

Restatement of comparatives

The prior period income statement has been restated after the identification of recharged research and development costs which were incorrectly attributed as a reduction in revenue, these have been reclassified as other operating charges. As a result, revenue arising from external sales have increased by £6,382k to £54,352k and other operating charges have increased by £6,382k to £13,851k for the year ended 30 June 2021. The category "Other" as shown in the geographical destination split for external sales increased by the restated amount. There was no change to the reported Operating Profit or Profit after Tax.

	As previously reported 2021 £'000	Impact of restatement 2021 £'000	As restated 2021 £'000
Revenue	47,970	6,382	54,352
Changes in stocks of finished goods and work in progress	(19)	-	(19)
Raw materials and consumables	(16,857)	-	(16,857)
Staff costs	(1,782)	-	(1,782)
Depreciation	(12)	-	(12)
Amortisation	(1,903)	-	(1,903)
Other operating charges	<u>(7,469)</u>	<u>(6,382)</u>	<u>(13,851)</u>
Operating profit	<u>19,928</u>	<u>-</u>	<u>19,928</u>

Pig Improvement Company UK Limited

Notes to the financial statements (continued) **Year ended 30 June 2022**

1. Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report. The Company is expected to trade profitably for the foreseeable future. The Company participates in the Genus Group's centralised treasury arrangements and shares banking arrangements, including the provision of cross guarantees, with its ultimate parent Genus plc and fellow subsidiaries.

The directors, having assessed the responses of the directors of Genus plc to their enquiries, and having received confirmation regarding its continued support, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Genus Group to continue as a going concern or its ability to continue to trade with the current banking arrangements.

On the basis of their assessment of the Company and the Group's financial position and of the enquiries made of the directors of Genus plc, the Company's directors have a reasonable expectation that the Company and Group will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Consolidation

The Income Statement and Balance Sheet are those of the Company. Consolidated financial statements have not been prepared as the Company is a wholly owned subsidiary of Genus plc, a company incorporated in the United Kingdom (see note 19) whose consolidated accounts can be obtained from www.genusplc.com. The Company has taken advantage of the exemption from the requirement to produce consolidated financial statements in accordance with Section 400 of the Companies Act 2006.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Income statement items in overseas currencies are translated at average exchange rates. Foreign currency denominated monetary assets and liabilities are translated at rates ruling at the balance sheet date. Monetary exchange gains and losses are taken to the Income statement account.

Revenue

Revenue is the value of sales and royalties receivable from customers, excluding VAT, net of discounts and other sale-related costs. The principal components of revenue are:

- sale of porcine semen and porcine breeding animals, which we recognise when risks and rewards transfer to the customer and;
- royalty is recognised when receivable.

Fixed asset investments

Fixed asset investments, including those in subsidiaries and joint ventures, are stated at cost less provision for impairment in value except for the investment in Caribou which is designated as fair value through other comprehensive income. The latter has been adjusted to its fair value at the balance sheet date, with any gain or loss being recognised in other comprehensive income and held as part of profit and loss account reserves.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet 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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tangible fixed assets excluding breeding stock

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment except for certain freehold land and buildings which are stated at valuation less accumulated depreciation.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Plant and equipment is depreciated straight-line over periods which range from 4 to 10 years and which do not exceed their anticipated useful lives.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

1. Accounting policies (continued)

Breeding stock

Breeding animals in genetic nucleus, daughter nucleus and production nucleus herds that are classified as Maiden Gilts, In-Pig or Empty Sows and Stock Boars are held for breeding purposes on the Company's farms. These breeding animals are classified as fixed assets and stated at cost less depreciation and are depreciated on a straight line basis over their estimated lives of 18 months.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

Intangible assets

Intangible assets that we have acquired in a business combination since 1 April 2005 are identified and recognised separately from goodwill, where they meet the definition of an intangible asset and we can reliably measure their fair values. Their cost is their fair value at the acquisition date.

After their initial recognition, we report these intangible assets at cost less accumulated amortisation and accumulated impairment losses. This is the same basis as for intangible assets acquired separately.

The estimated useful lives for intangible assets are as follows:

Intellectual property rights (Porcine genetics technology) 20 years – straight line

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Cost represents purchase price or production costs including labour and attributable overheads, based on normal levels of activity, and is calculated using the weighted average method. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving and defective items where appropriate.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Derivative financial instruments

The Company uses forward exchange contracts to manage foreign exchange risk.

The fair values of forward exchange contracts are their quoted market price at the balance sheet date, which is the present value of the quoted forward price, any movement in the valuation is recognised immediately in the profit or loss account.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

1. Accounting policies (continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss or fair value through other comprehensive income, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

1. Accounting policies (continued)

Financial assets and liabilities (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Interest income and interest payable

We recognise interest income and interest payable in the income statement, as they accrue.

Provisions

A provision is recognised when group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are discounted to present value.

Pensions

In respect of the defined benefit scheme, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Exceptional items

The Company presents exceptional items separately, as we believe it helps to improve the understanding of the Company's underlying performance.

In determining whether an item should be presented as exceptional, we consider items which are material either because of their size or their nature, and those which are non-recurring. For an item to be considered as exceptional, it must initially meet at least one of the following criteria:

- it is a one off material item;
- it has been directly incurred as the result of either an acquisition and/or integration or other major restructuring programme;
- it has been previously classified as an exceptional item, and as such consistent accounting treatment is being applied; or
- it is unusual in nature e.g. outside the normal course of business.

If an item meets at least one of the criteria, we then exercise judgement as to whether the item should be classified as exceptional.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) **Year ended 30 June 2022**

1. Accounting policies (continued)

Employee benefits

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 6 months. The provision is measured at the salary cost payable for the period of absence.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, 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.

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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Management services were carried out during the year to other group companies. These services were carried out throughout the whole year and were recognised in line with the Company's general policy of recognising revenue when goods are delivered/services provided.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods/provision of services set out in FRS 102 Section 23 *Revenue* and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. The directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

Key source of estimation uncertainty

Impairment of investments and intangible assets

Determining whether investments and intangible assets are impaired requires an estimation of the value-in-use of the cash-generating units. In arriving at the value-in-use an estimation of the future cash flows of cash-generating units and selecting appropriate discount rates is required to calculate present values, a process which involves estimation.

Defined benefit pension scheme

Amounts recorded in the financial statements in respect of defined benefit pension schemes are also based on significant estimates, being discount rate and mortality assumptions (see note 14).

Deferred contingent consideration

When valuing the contingent consideration payable on acquisitions, the Company considers various factors including the performance of the acquired entity since acquisition together with its expected performance to the end of the earn-out period.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

2. Revenue

	2022	As restated ¹ 2021
	£'000	£'000
Royalties receivable from group undertakings	19,517	18,784
Sales to group undertakings	3,342	4,258
External sales	22,729	31,310
	<u>45,588</u>	<u>54,352</u>

The revenue and profit before taxation are attributable to the Company's principal activities. External sales are split by geographical destination as follows:

	2022	As restated ¹ 2021
	£'000	£'000
United Kingdom	6,177	4,197
Rest of Europe	6,774	10,508
Other	9,778	16,605
	<u>22,729</u>	<u>31,310</u>

3. Operating profit

The following have been charged before arriving at operating profit:

	2022	As restated ¹ 2021
	£'000	£'000
Auditor's remuneration		
Audit fees	34	34
Operating lease costs		
- plant and machinery	30	41
- other	4	6
Depreciation of fixed assets		
Owned tangible assets (note 9)	15	12
Amortisation (note 8)	1,903	1,903
Research and development costs	9,262	9,761
Group management charge	662	731
	<u></u>	<u></u>

¹ See note 1 for details of the prior period restatement.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

4. Net finance (expense)/income

	2022 £'000	2021 £'000
Other interest receivable and similar income		
Other interest receivable and similar income	419	391
Interest payable and similar charges		
Net interest payable in respect of pension scheme (note 14)	(1)	(10)
Other interest payable and similar charges	(424)	(288)
	(425)	(298)
Net finance (expense)/income	(6)	93

Included in other interest receivable and similar income are exchange gains of £419,000 (2021: £391,000) arising on the translation at year end of monetary assets and liabilities denominated in foreign currency and crystallised foreign currency denominated transactions during the year.

Included in other interest payable and similar charges are exchange losses of £424,000 (2021: £288,000) arising on the translation at year end of monetary assets and liabilities denominated in foreign currency and crystallised foreign exchange losses on foreign currency denominated transactions during the year.

5. Employees

	2022 £'000	2021 £'000
Wages and salaries	1,124	1,539
Social security costs	105	187
Pension costs	56	57
	1,285	1,782

The average monthly number of employees (excluding directors) during the year was as follows:

	2022 No.	2021 No.
Production and service	2	3
Sales	6	6
Administration	4	4
	12	13

The Company operates a defined contribution pension scheme for the benefit of the employees. The assets of the defined contribution scheme are administered by trustees in a fund independent from those of the Company. The unpaid contributions outstanding at year end are £nil (2021: £nil).

6. Directors

None of the directors received any remuneration, or other benefits, in respect of their services as directors of the Company for the year ended 30 June 2022 and 30 June 2021. The directors are paid by other group companies for their services to the group as a whole. The allocation to this company is £nil (2021: £nil).

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

7. Tax charge on profit

Taxation comprises:

	2022 £'000	2021 £'000
Current tax on profit		
UK corporation tax	3,673	3,862
Adjustments in respect of prior years	17	28
Total current tax	3,690	3,890
Deferred taxation		
Origination and reversal of timing differences	10	(35)
Adjustment in respect of prior years	-	8
Total deferred tax (note 16)	10	(27)
Total tax charge on profit	3,700	3,863
Total current and deferred tax relating to items of other comprehensive income	(1,493)	1,764
	2,207	5,627

Factors affecting current tax charge for the year

	2022 £'000	2021 £'000
Profit before taxation	19,528	21,718
United Kingdom corporation tax at 19% (2021: 19%) on profit	3,710	4,126
Effects of:		
Income not taxable	(24)	(9)
Dividend income not taxable in determining taxable profits	(11)	(322)
Foreign tax	6	88
Adjustment in respect of prior year	17	36
Change in tax rate	2	(59)
Expenditure not deductible for tax purposes	-	3
Total tax charge on profit	3,700	3,863

The UK headline rate of tax remained at 19% in the current period (2021: 19%). The Finance Bill 2021, which was substantively enacted on 24 May 2021, introduced a new rate of corporation tax of 25% for large companies with effect from 1 April 2023. UK deferred tax assets expected to unwind in the period to 31 March 2023 have continued to be recognised at 19%, and the remaining UK deferred tax assets that will likely unwind post 31 March 2023 have been recognised at the new forward tax rate of 25%.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

8. Intangible fixed assets

	Goodwill £'000	Intellectual property rights £'000	Total £'000
Cost			
At 1 July 2021 and 30 June 2022	3,401	22,729	26,130
Accumulated depreciation			
At 1 July 2021	3,401	7,463	10,864
During the year	-	1,903	1,903
At 30 June 2022	3,401	9,366	12,767
Net book value			
At 30 June 2022	-	13,363	13,363
At 30 June 2021	-	15,266	15,266

Intangible assets are purchased intellectual property rights from Génétiporc Inc and Avlscenter Mollevang A/S.

The goodwill related to the acquisition of the trademarks, intellectual property and contract rights of Agricola Genetico Porcina Ltda, the former PIC franchisee in Chile.

9. Tangible fixed assets

	Plant and equipment £'000
Cost or deemed cost	
At 1 July 2021	103
Additions	40
At 30 June 2022	143
Accumulated depreciation	
At 1 July 2021	73
Charge for the year	15
At 30 June 2022	88
Net book value	
At 30 June 2022	55
At 30 June 2021	30

In the opinion of the directors, the aggregate value of tangible fixed assets is not less than the aggregate amount at which those assets are stated in the balance sheet.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

10. Fixed asset investments

	Shares in subsidiary undertakings £'000	Shares in associate undertaking £'000	Other investments £'000	Total £'000
Cost				
At 1 July 2021	26,077	2,161	10,609	38,847
Additions	697	-	7	704
Revaluation	-	-	(6,100)	(6,100)
At 30 June 2022	26,774	2,161	4,516	33,451
Provision for impairment				
At 1 July 2021 and 30 June 2022	6,748	-	140	6,888
Net book value				
At 30 June 2022	20,026	2,161	4,376	26,563
At 30 June 2021	19,329	2,161	10,469	31,959

The Company's subsidiary undertakings at 30 June 2022 are as follows:

Name of undertaking	Registered office and Country of incorporation	Class of shares and nominal value	Percentage of nominal value of issued shares held	Nature of business
ABS Polska Sp. z o.o.	Szafirowa 22A, 82-300 Gronowo Górne, Poland	Ordinary	100%	Supply of dairy and beef semen
PIC Genetics Designated Activity Company	Riverside One, Sir John Rogerson's Quay, Dublin 2 Ireland	Ordinary	100%	Porcine

During the year the company invested £697k in ABS Polska SP. z.o.o.

Shares in joint ventures and associate undertakings

The Company's associate undertaking at 30 June 2022 are as follows:

	Country of incorporation	Class of shares and nominal value	Percentage of nominal value of issued shares held	Nature of business
Yan'an Xinyongxiang Agriculture Technology Co., Ltd	China	Registered capital RMB 56,000,000 yuan	49%	Pig breeding

On 6 April 2022, the company sold its shares in Avlscenter Mollevang A/S for a cash consideration of £0.12 (DKK 1).

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

10. Fixed asset investments (continued)

Other investments

In 2016, we invested £3,460,782 (\$5m) into a strategic non-controlling interest of 5% in Caribou Biosciences, Inc. On July 2021 Caribou shares started trading on Nasdaq under the symbol "CRBU". These shares are not held for trading and accordingly are classified as available for sale, which is measured at fair value using the valuation basis of a Level 1 classification.

The Company also holds various trade investments in agricultural and research companies.

11. Stocks

	2022 £'000	2021 £'000
Livestock	232	210

In the opinion of the directors, there is no material difference between the book value of stocks and their replacement cost at 30 June 2022.

12. Debtors

	2022 £'000	2021 £'000
Trade debtors	4,166	2,899
Amounts owed by parent undertaking	543	2,329
Amounts owed by fellow subsidiary undertakings	3,067	2,944
Amounts owed by subsidiary undertakings	5	106
Other debtors	1,525	1,819
Prepayments and accrued income	2,481	1,594
	11,787	11,691

Amounts owed by group undertakings are unsecured and repayable on demand.

13. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	734	427
Amounts owing to parent undertaking	1,190	151
Amounts owing to fellow subsidiary undertakings	1,060	1,935
Corporation tax	2,326	1,024
Other taxation and social security	64	65
Other creditors	-	63
Contingent deferred cash consideration (see note 15)	-	514
Accruals and deferred income	1,221	2,145
	6,595	6,324

Amounts owing to group undertakings are unsecured and payable on demand.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

14. Retirement benefit obligations

Since 20 March 2015 the Company is the sponsoring employer of the National Pig Development Company Limited Retirement Benefits Scheme, a funded defined benefit pension scheme in the UK. The Scheme is administered within a trust which is legally separate from the Company. The Trustees are appointed to act in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustees are also responsible for the investment of the Scheme's assets.

The Scheme provides pensions and cash sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension. The scheme closed to accrual of benefits on 31 March 1996.

The Company pays regular contributions aimed at removing the funding deficit as determined by regular actuarial valuations, which are usually carried out every three years. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

Responsibility for making good any deficit within the scheme lies with the Company and this introduces a number of risks for the Company. The major risks are: interest rate risk; inflation risk; investment risk and longevity risk. The Company and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal control policies, including a risk register.

On 30 September 2021, a formal actuarial valuation with an effective date of 30 June 2020 was completed by the scheme's actuary XPS Pensions Consulting Limited. The market value of the available assets at 30 June 2020 was £6.1m. The value of those assets represented approximately 68% of the value of the uninsured liabilities, which were £9.0m at the 30 June 2020. The contribution rate increased from £250,000 to £500,000 per annum, payable by equal monthly instalments with effect from 1 July 2021.

The results of this valuation have been projected to 30 June 2022 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

The financial assumptions used to calculate the scheme liabilities are:

	2022	2021	2020	2019	2018
Increases for pensions in payment	2.90%	2.85%	2.80%	3.10%	3.00%
Liability discount rate	3.90%	1.90%	1.65%	2.35%	2.90%
Inflation assumption	2.90%	2.85%	2.80%	3.15%	3.05%
Revaluation of deferred pensions	2.40%	2.25%	2.10%	2.15%	1.95%

The mortality assumptions used are consistent with those recommended by the scheme's actuaries and reflect the latest available tables, adjusted for the experience of the scheme where appropriate. For 2022 the mortality tables used are 100% of the S3PMA (males)/S3PFA_M(females) all lives tables, with birth year and 2021 CMI projections with a smoothing parameter of $Sk = 7.0$ and $A=0.5\%$, subject to a long-term rate of improvement of 1.5% for males and females (2021 - the mortality tables used are 97% of the S2NA tables, with birth year and 2019 CMI projections with a smoothing parameter of $Sk = 7.5$, subject to a long-term rate of improvement of 1.25% for males and females).

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

14. Retirement benefit obligations (continued)

The following table shows the assumptions used for all schemes and illustrates the life expectancy of an average member retiring at age 65 at the balance sheet date and a member reaching age 65 in 20 years' time.

		2022 Years	2021 Years
Retiring at balance sheet date at age 65:	Male	22.6	22.0
	Female	24.4	24.4
Retiring at age 65 in 20 years time:	Male	24.2	23.3
	Female	26.2	25.9

The amounts recognised in the statement of financial position are as follows:

	2022 £'000	2021 £'000
Total market value of assets	5,406	6,342
Present value of scheme liabilities	(5,545)	(6,649)
Deficit in the scheme	<u>(139)</u>	<u>(307)</u>

An analysis of the amount that has been charged to other finance income is as follows:

	2022 £'000	2021 £'000
Expected return on pension scheme assets	123	102
Interest on pension scheme liabilities	(124)	(112)
Net expense	<u>(1)</u>	<u>(10)</u>

Amounts recognised in the statement of comprehensive income:

	2022 £'000	2021 £'000
Actual return less expected return on pension scheme assets	(1,309)	53
Actuarial losses arising from changes in financial assumptions	1,478	189
Actuarial (losses)/gains arising from changes in demographic assumptions	(43)	11
Other experienced loss	(24)	(64)
Actuarial gains recognised in other comprehensive income	<u>102</u>	<u>189</u>

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

14. Retirement benefit obligations (continued)

Movements in deficit during the year:

	2022 £'000	2021 £'000
Deficit in scheme at start of the year	(307)	(736)
Movement in year:		
Contributions	500	250
Other finance charges	(1)	(10)
Past service cost	(433)	-
Actuarial gains	102	189
Deficit in scheme at end of year	<u>(139)</u>	<u>(307)</u>

Reconciliation of opening fair value of plan assets to closing fair value of plan assets:

	2022 £'000	2021 £'000
Fair value of plan assets at start of the year	6,342	6,124
Movement in year:		
Expected return on plan assets	(1,309)	53
Contributions by the Company	500	250
Benefits paid	(250)	(187)
Interest income	123	102
Fair value of plan assets at end of year	<u>5,406</u>	<u>6,342</u>

Reconciliation of opening present value of benefit obligations to closing present value of benefit obligations:

	2022 £'000	2021 £'000
Present value of plan obligations at start of the year	(6,649)	(6,860)
Movement in year:		
Interest cost	(124)	(112)
Actuarial gains arising from changes in financial assumptions	1,478	189
Actuarial (losses)/gains arising from changes in demographic assumptions	(43)	11
Other experienced loss	(24)	(64)
Past service cost	(433)	-
Benefits paid	250	187
Present value of plan obligations at end of year	<u>(5,545)</u>	<u>(6,649)</u>

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

14. Retirement benefit obligations (continued)

The return on scheme assets

	2022 £'000	2021 £'000
Interest income	123	102
Return on scheme assets (excluding amount included in net interest amount)	(1,309)	53
Present value of plan obligations at end of year	(1,186)	155

The assets in the scheme were:

	2022 £'000	2021 £'000
Return seeking		
Bonds	4,847	6,123
Cash	559	219
Total assets	5,406	6,342

The scheme has no investments in the Company or in property occupied by the Company. All of the Scheme investments are held in absolute return and pooled managed funds which can be classified as level 2 instruments based on the definition in the FRS 102.

15. Provisions

	Contingent deferred consideration £'000
Balance at 1 July 2021	514
Additions	12
Utilised	(526)
Released	-
Balance at 30 June 2022	-
Current (see note 13)	-
Non-current	-
Balance at 30 June 2022	-

The final payment for the contingent deferred cash consideration in relation to the acquisition of Hermitage Genetics was made during the year.

Pig Improvement Company UK Limited

Notes to the financial statements (continued) Year ended 30 June 2022

16. Deferred taxation

	2022 £'000	2021 £'000
Accelerated capital allowances	217	213
Short term timing differences	(195)	(1,717)
Defined benefit pension obligations	35	77
	<u>57</u>	<u>(1,427)</u>
Deferred tax asset/(liability)		
		£'000
Balance at 1 July 2021 - Liability		(1,427)
Recognised in Income Statement		(10)
Recognised directly in equity		1,494
		<u>57</u>
Balance at 30 June 2022 - Asset		

The unprovided deferred taxation as of 30 June 2022 was £nil (2021: £nil).

17. Share capital

	2022 £'000	2021 £'000
Allotted, issued, called up and full paid:		
1,857,164 ordinary shares of 10p each	<u>186</u>	<u>186</u>

The share premium represents the premium paid for ordinary shares.

The profit and loss reserve represents cumulative profit and losses.

18. Operating lease commitments

Total commitments under non-cancellable operating leases are as follows:

	Other 2022 £'000	2021 £'000
Operating leases		
Total commitments which are payable:		
Within one year	17	22
Between one and five years	3	14
	<u>20</u>	<u>36</u>

Pig Improvement Company UK Limited

Notes to the financial statements (continued) **Year ended 30 June 2022**

19. Parent undertaking

The Company's ultimate controlling party and parent undertaking is Genus plc, a company registered in England and Wales. Genus plc is the largest and smallest group, of which the Company is a member, for which consolidated accounts are prepared. Copies of the financial statements of Genus plc are available from its registered office whose address is as follows:

Matrix House
Basing View
Basingstoke
Hampshire
RG21 4DZ

20. Contingent liabilities

The Company has entered into cross guarantees to the group's bank in respect of the borrowings of its parent. At 30 June 2022 the total contingent liability in respect of group borrowings was £183.9m (2021: £113.6m)