

Registered Number 01221759

J.S.R. Farms Limited
Annual report and financial statements
for the year ended 29 June 2018



J.S.R. Farms Limited

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J.S.R. Farms Limited

Company information

Directors

TS Rymer
Mrs E C Rymer
Lord CR Haskins
B Hoggarth
RM Overy-Owen
JR Maltby
CE Parker
SJ Waite

Secretary

D Milburn

Registered office

Southburn Offices
Southburn
Driffield
East Yorkshire
YO25 9ED

Independent Auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

J.S.R. Farms Limited

Group strategic report for the year ended 29 June 2018

The directors present their strategic report of the group for the year ended 29 June 2018.

Review of business

The principal activity of the group continues to be integrated animal breeding and farming. There are three core business areas:

- Pig Production has 6,000 breeding sows on 7 units producing 138,000 breeding and slaughter pigs.
- Arable is responsible for 3,800 ha, either owned or tenanted by JSR Farms or farmed for clients under a Farm Management Agreement. This land grows a variety of crops including cereals, oilseed rape, vining peas and potatoes.
- JSR Genetics employs applied genetic development to produce advance pig breeding stock for commercial pig producers, both nationally and internationally.

The key financial highlights for the group are as follows:

	2018 £'000	2017 £'000
Turnover	33,315	32,131
Profit before taxation	2,069	3,292
Net debt	13,487	12,676
Net assets	40,929	40,340

The result for the year is reflective of a solid performance, in an increasingly difficult marketplace. Feed price increases, coupled with the fall in pig price have been partially mitigated by the use of JSR grown wheat and barley to feed the pig herds.

Principal risks and uncertainties

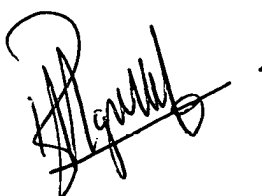
The major risks facing the group are in respect of the disease outbreaks that may limit the movement of livestock either nationally or internationally. The group has production bases near to its customer base to mitigate this risk. The other major risk is raw material and commodity prices but this risk is mitigated by the application of integrated farming practices between the Arable and Pig Production business areas.

Future developments

The beginning of the new financial year is broadly in line with our budget expectations. Continued uncertainty about the UK's exit from Europe mean that market conditions are likely to remain challenging in the coming year.

On behalf of the board

B Hoggarth – Director
13 November 2018



J.S.R. Farms Limited

Directors' report for the year ended 29 June 2018

The directors present their report with the audited consolidated financial statements of the group for the period 1 July 2017 to 29 June 2018.

Dividends

Dividends of £130,394 (2017: £130,394) were paid on the 6.5% cumulative preference shares on the due dates of 5 April 2017 and 5 April 2018. The relevant proportion of the preference dividend of £59,656, which is due on 5 October 2018, has been accrued in these financial statements.

No interim dividend was paid on the ordinary £1 shares. The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends recognised for the year ended 29 June 2018 was £124,853 (2017: £130,394).

Research and development

Group research and development expenditure of £1,004,828 (2017: £912,658) relates to the application and testing of new procedures and techniques.

Directors

The directors shown below have held office during the year ended 29 June 2018 and up to the date of this report.

TS Rymer
EPG Huxtable (resigned – 1 July 2018)
Mrs E C Rymer
Lord CR Haskins
B Hoggarth
RM Overy-Owen
Lady JL Newton (resigned 1 July 2018)
JR Maltby
CE Parker
SJ Waite

Financial instruments

The group's principal financial instruments comprise of bank balances, bank overdrafts and loans, trade debtors, trade creditors and hire purchase contracts. The main purpose of these instruments is to raise funds and finance for the group's operations.

Due to the nature of the financial instruments used by the group there is limited exposure risk to price risk. Price risk presented by fluctuations in commodity markets is mitigated by the application of integrated farming. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

J.S.R. Farms Limited

Directors' report for the year ended 29 June 2018 (continued)

Financial Instruments (continued)

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. The bank loans and hire purchase contracts are from financial institutions and repayments are fixed. The group manages the liquidity risk by ensuring there are sufficient funds to meet the repayments.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts as they fall due.

Future developments

The future developments of the group have been disclosed in the Strategic Report (see page 2).

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report, the group and parent company financial statements (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 prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

J.S.R. Farms Limited

Directors' report for the year ended 29 June 2018 (continued)

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Independent Auditors

A recommendation to reappoint the auditors, PricewaterhouseCoopers LLP, will be made at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'Deryk Milburn'. The signature is written in a cursive, flowing style.

D Milburn - Secretary

J.S.R. Farms Limited

Independent auditors' report to the members of J.S.R. Farms Limited

Report on the audit of the financial statements

Opinion

In our opinion, J.S.R. Farms Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 29 June 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 29 June 2018; the consolidated profit and loss account, consolidated statement of comprehensive income, the consolidated cash flow statement, the notes to the consolidated cash flow statement and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

J.S.R. Farms Limited

Independent auditors' report to the members of J.S.R. Farms Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 29 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

J.S.R. Farms Limited

Independent auditors' report to the members of J.S.R. Farms Limited (continued)

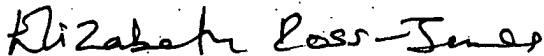
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Elizabeth Ross-Jones (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

14 November 2018

J.S.R. Farms Limited

Consolidated profit and loss account for the year ended 29 June 2018

	Note	2018 £'000	2017 £'000
Turnover	2	33,315	32,131
Cost of sales		(26,587)	(25,032)
Gross profit		6,728	7,099
Distribution costs		(1,223)	(1,021)
Administrative expenses		(3,743)	(3,785)
Fair value movement on Investment Properties		154	878
Other operating income		535	474
Operating Profit	4	2,451	3,645
Share of profit from joint ventures		50	-
Amounts (written off) / reversed investments		(22)	40
Interest payable and similar expenses	5	(410)	(393)
Profit before taxation		2,069	3,292
Tax on profit	6	330	(120)
Profit for the financial year		2,399	3,172

All amounts relate to continuing operations.

J.S.R. Farms Limited

Consolidated statement of Comprehensive Income for the year ended 29 June 2018

	2018 £'000	2017 £'000
Profit for the financial year	2,399	3,172
Other Comprehensive Income/(Expense):		
Unrealised surplus on revaluation of properties	-	-
Actuarial gain/(loss) on pension scheme	25	(534)
Other	20	7
Total tax on components of Other Comprehensive Income/(Expense)	(28)	291
Other Comprehensive Income/(expense) net of tax	17	(236)
Total Comprehensive Income for the year	2,416	2,936

J.S.R. Farms Limited

Consolidated balance sheet as at 29 June 2018

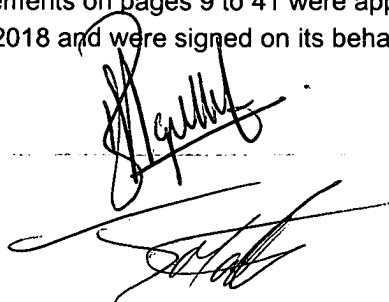
	Note	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	9	40	57
Tangible assets	10	49,581	48,956
Investments	11	258	280
		49,879	49,293
Current assets			
Stocks	12	11,269	11,554
Debtors: amounts falling due after more than one year	13	154	124
Debtors: amounts falling due within one year	13	3,610	3,277
Cash at bank and in hand		826	7
		15,859	14,962
Creditors: Amounts falling due within one year	14	(5,770)	(7,708)
Net current assets		10,089	7,254
Total assets less current liabilities		59,968	56,547
Creditors: Amounts falling due after more than one year	15	(12,281)	(8,974)
Derivative financial liability	20	-	(93)
Deferred tax liability	19	(4,758)	(5,076)
Pension liability	23	(2,000)	(2,064)
Net assets		40,929	40,340
Capital and reserves			
Called up share capital	21	1,803	1,803
Preference shares	21	2,006	2,006
Revaluation reserve	22	27,581	27,407
Capital redemption reserve	22	234	234
Profit and loss account	22	9,305	8,890
Total shareholders' funds		40,929	40,340

The financial statements on pages 9 to 41 were approved and authorised for issue by the board on 13 November 2018 and were signed on its behalf by

B Hoggarth

J Maltby

Director



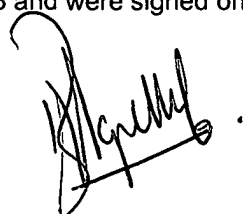
J.S.R. Farms Limited

Company balance sheet as at 29 June 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	10	47,993	47,283
Investments	11	796	796
		48,789	48,079
Current assets			
Stocks	12	10,748	10,997
Debtors	13	4,170	1,836
Cash at bank and in hand		217	7
		15,135	12,840
Creditors: Amounts falling due within one year	14	(5,466)	(6,331)
Net current assets		9,669	6,509
Total assets less current liabilities		58,458	54,588
Creditors: Amounts falling due after more than one year	15	(12,281)	(7,649)
Derivative financial liability	20	-	(93)
Provisions for liabilities	19	(4,784)	(5,076)
Net assets		41,393	41,770
Capital and reserves			
Called up share capital	21	1,803	1,803
Preference shares	21	2,006	2,006
Revaluation reserve	22	27,581	27,407
Capital redemption reserve	22	234	234
Profit and loss account	22	9,769	10,320
Total shareholders' funds		41,393	41,770

The financial statements on pages 9 to 41 were approved and authorised for issue by the board on 13 November 2018 and were signed on its behalf by

B Hoggarth



J Maltby



Director

J.S.R. Farms Limited

Consolidated statement of changes in equity for the year ended 29 June 2018

Group	Called-up share capital £'000	Preference shares £'000	Profit and loss account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Shareholders' Funds £'000
At 25 June 2016	1,803	2,006	6,962	26,529	234	37,534
Profit for the financial year	-	-	3,172	-	-	3,172
Transfer of unrealised profits from the profit and loss account to the revaluation reserve	-	-	(878)	878	-	-
Other comprehensive expense for the year	-	-	(236)	-	-	(236)
Total Comprehensive income for the year	-	-	2,058	878	-	2,936
Dividends	-	-	(130)	-	-	(130)
At 30 June 2017	1,803	2,006	8,890	27,407	234	40,340
Profit for the financial year	-	-	2,399	-	-	2,399
Transfer of unrealised profits from the profit and loss account to the revaluation reserve	-	-	(174)	174	-	-
Other comprehensive income for the year	-	-	17	-	-	17
Total Comprehensive income for the year	-	-	2,242	174	-	2,416
Dividends	-	-	(125)	-	-	(125)
Purchase of own shares (Treasury stock)	-	-	(1,702)	-	-	(1,702)
Balance at 29 June 2018	1,803	2,006	9,305	27,581	234	40,929

J.S.R. Farms Limited

Company statement of changes in equity for the year ended 29 June 2018

Company	Called-up share capital £'000	Preference Shares £'000	Profit and loss account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Shareholders ' Funds £'000
At 24 June 2016	1,803	2,006	8,662	26,529	234	39,234
Profit for the year	-	-	2,375	-	-	2,375
Transfer of unrealised profits from profit and loss	-	-	(878)	878	-	-
Other comprehensive income for the year	-	-	291	-	-	291
Total comprehensive income for the year	-	-	1,788	878	-	2,666
Dividends	-	-	(130)	-	-	(130)
At 30 June 2017	1,803	2,006	10,320	27,407	234	41,770
Profit for the year	-	-	1,458	-	-	1,458
Transfer of unrealised profits from profit and loss	-	-	(174)	174	-	-
Other comprehensive income for the year	-	-	(8)	-	-	(8)
Total Comprehensive income for the year	-	-	1,276	174	-	1,450
Dividends	-	-	(125)	-	-	(125)
Purchase of own shares (Treasury stock)	-	-	(1,702)	-	-	(1,702)
Balance at 29 June 2018	1,803	2,006	9,769	27,581	234	41,393

J.S.R. Farms Limited

Consolidated cash flow statement for the year ended 29 June 2018

	Note	2018 £'000	2017 £'000
Net cash inflow from operating activities	1	2,853	3,021
Taxation		(17)	458
Net cash generated from / (used in) operating activities		2,836	3,479
Cash flow from investing activities			
Purchase of intangible assets		-	-
Purchase of tangible assets		(1,888)	(2,069)
Capitalisation of livestock		22	(53)
Proceeds from disposal of tangible assets		338	22
Dividends received from joint venture		50	-
Net cash used in investing activities		(1,478)	(2,100)
Cash flow from financing activities			
Repayment of obligations under finance leases		(52)	(330)
Loan repayments		(9,441)	(8,735)
Receipts from new loan facilities		12,500	10,750
Dividends paid to owners of the parent		(130)	(130)
Payments to acquire own share capital		(1,702)	-
Interest paid		(406)	(392)
Net cash generated from financing activities		769	1,163
 Net increase in cash and cash equivalents		 2,127	2,542
Cash and cash equivalents at the beginning of the year		(3,158)	(5,700)
Cash and cash equivalents at the end of the year		(1,031)	(3,158)
 Cash & cash equivalents consists of:			
Cash at bank and in hand		826	7
Bank overdrafts		(1,857)	(3,165)
		(1,031)	(3,158)

J.S.R. Farms Limited

Notes to the consolidated cash flow statement for the year ended 29 June 2018

1. Reconciliation of operating profit to net cash inflow from operating activities

Group	2018 £'000	2017 £'000
Operating profit	2,451	3,645
Fair value movement on Investment Properties	(154)	(878)
Depreciation charge	1,117	1,085
Profit on disposal of fixed assets	(35)	(29)
Amortisation	17	26
(Decrease)/Increase in stocks	285	(638)
(Increase) / Decrease in debtors	(361)	1,295
Decrease in creditors	(428)	(1,407)
Difference between pension charge and cash contributions	(39)	(78)
Net cash inflow from operating activities	2,853	3,021

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018

1. Accounting policies

General information

J.S.R. Farms Limited ('the company') and its subsidiaries (together, 'the group') continues to be an integrated animal breeding and farming business. The company is a private company, limited by shares and is incorporated in England. The address of its registered office is Southburn, Drifffield, East Yorkshire, YO25 9ED.

Statement of Compliance

The Group and individual financial statements of J.S.R. Farms Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared under the going concern basis, under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102). The principal accounting policies, which have been applied consistently throughout the year are set out below.

Basis of consolidation

The group financial statements consolidate the financial statements of J.S.R. Farms Limited and its subsidiary undertakings drawn up to 29 June 2018. Uniform accounting policies are adopted.

Entities, other than subsidiary undertakings, in which the group holds an interest on a long term basis and are jointly controlled by the group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax, and receipts from the Rural Payments Agency in the form of the single farm payment. Turnover is recognised on delivery of livestock and produce or on provision of service or entitlement to income in the case of the single farm payment.

Other operating income

Other operating income represents rents receivable from the occupation of properties by tenants. The income is recognised in line with the occupation of each property as rent becomes receivable.

Intangible assets

Intangible assets represent trademarks purchased which are amortised over their useful life of ten years.

Tangible fixed assets

Tangible fixed assets are recognised at cost with the exception of freehold land and buildings and investment properties which are recognised at valuation. The valuation is performed by an independent valuer every three years. Any revaluation gains/losses on freehold land and buildings are recognised in other comprehensive income. Any revaluation gains/losses on investment property are recognised directly in the profit and loss account. The revaluation reserve reflects movements in both freehold land and buildings and investment property as these are both unrealised profits/losses.

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

Livestock held mainly for production purposes rather than sale, for in excess of two years, is included in fixed assets and capitalised at cost of acquisition, or cost of production, as appropriate and depreciated to anticipated cull values on a straight line basis over seven years.

The cost or valuation of other fixed assets is written down to its residual value using the straight line method (with the exception of tractors and implements which are depreciated on the reducing balance method), as follows:

Freehold land and Investment Properties are not depreciated	
Buildings on freehold land	- 10-25 years
Buildings on tenanted land	- 10-25 years
Plant, Livestock, equipment and vehicles	- 3-10 years

Stocks

Stocks are valued at the lower of cost and net realisable value. Livestock and arable valuations are inclusive of attributable overheads.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Provision is made for deferred taxation, using the liability method, on all material timing differences which are expected to reverse in the future. Deferred tax assets that arise as a result of timing differences are recognised when their future recovery is assessed as being more likely than not. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference. Deferred tax assets and liabilities are not subject to discounting.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

1 Accounting policies (continued)

Operating leases

Assets hired under operating leases are charged to the profit and loss account as costs are incurred.

Pension schemes

The group operates a defined benefit pension scheme for certain employees and also contributes to individual employee's personal pension schemes. The cost of the contributions to personal pension schemes is recognised in the profit and loss account as incurred.

Defined benefit scheme

A defined benefit pension scheme defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognized in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as a remeasurement of the net defined benefit liability.

The cost of the defined benefit plan, recognized in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) The increase in pension benefit liability arising from employee service during the period; and
- (b) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognized in the profit and loss account as a financing expense.

Fixed asset investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value where appropriate.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distribution to shareholders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within creditors.

Financial Instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

1 Accounting policies (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Key accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management has engaged experts to estimate these factors in determining the net pension obligations in the balance sheet. The assumptions reflect historical experience and current trends.

(ii) Property valuations

The Group accounts for Freehold Land and Buildings and Investment Properties at fair value. The valuation is performed by the directors and supported by an independent surveyors valuation, which is performed every 3 years. The directors consider the valuation booked at year-end to be reflective of current market conditions.

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

2 Turnover

	2018 £'000	2017 £'000
UK	33,069	31,513
EU	84	342
Rest of World	162	276
	33,315	32,131

Turnover largely relates to one activity, that being farming and integrated animal breeding.

3 Staff costs

Group

	2018 £'000	2017 £'000
Wages and salaries	4,068	4,217
Social security costs	381	360
Other pension costs	238	194
	4,687	4,771

The average monthly number of employees during the year was as follows:

	2018 No	2017 No
Management	15	16
Production	125	126
Administration	19	19
	159	161

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

3 Staff costs (continued)

	2018 £'000	2017 £'000
Directors' remuneration	326	377
Pension contributions to money purchase schemes	41	29
Compensation for loss of office	-	-
	Number	Number
The number of directors to whom retirement benefits were accruing		
Money purchase schemes	5	4
Information regarding the highest paid director is as follows:	£'000	£'000
Emoluments	91	90
Pension contributions to money purchase scheme	10	6

Company

	2018 £'000	2017 £'000
Wages and salaries	3,182	3,165
Social security costs	297	261
Other pension costs	180	145
	3,659	3,571

The average monthly number of employees during the year was as follows:

	2018 No	2017 No
Management	10	11
Production	105	105
Administration	12	12
	127	128

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

3 Staff costs (continued)

	2018 £'000	2017 £'000
Directors' remuneration	326	377
Pension contributions to money purchase schemes	41	29
Compensation for loss of office		-
	Number	Number
The number of directors to whom retirement benefits were accruing		
Money purchase schemes	5	4
Information regarding the highest paid director is as follows:		
Emoluments	91	90
Pension contributions to money purchase scheme	10	6

4 Operating profit

The operating profit (2017: profit) is stated after charging/(crediting):

	2018 £'000	2017 £'000
Depreciation – owned assets	1,043	951
Depreciation – assets on hire purchase contracts	74	133
Profit on disposal of fixed assets	(34)	(29)
Trademarks amortisation	17	26
Auditors' remuneration	24	23
Auditors' non audit remuneration	35	34
Audit of subsidiary undertaking	13	15
Research and development	1,005	913
Hire of plant and equipment	523	547
Operating lease rentals - property	1,136	1,285
- other	12	53

**Notes to the consolidated financial statements for the year ended
29 June 2018 (continued)**

5 Interest payable and similar expenses

	2018 £'000	2017 £'000
Bank interest	356	313
Hire purchase	-	30
Losses on derivative financial instruments	-	3
Net interest expense on post-employment benefits	54	47
	410	393

6 Tax on profit

Analysis of tax (credit)/charge

The tax charge/(credit) on the profit / (loss) for the year was as follows:

	2018 £'000	2017 £'000
Current tax		
Corporation tax	46	26
Adjustment in respect of previous periods	-	(11)
Total current tax	46	15
Deferred tax		
Origination and reversal of timing differences	(9)	116
Adjustment in respect of previous periods	(367)	(9)
Effect of changes in tax rates	-	(2)
Total deferred tax	(376)	105
Tax on profit on ordinary activities	(330)	120
Other Comprehensive income items		
Deferred tax current year charge/ (credit)	28	(291)
Total tax on Other Comprehensive Income items	(302)	(291)

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

6 Tax on profit /(loss) (continued)

Factors affecting the tax (credit)/charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £'000	2017 £'000
Profit/(loss) on ordinary activities before taxation	2,069	3,292
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.76%)	393	650
Income not taxable	(9)	(210)
Expenses not deductible	80	67
Deferred tax not recognised	(203)	(157)
Tax rate changes	-	(2)
R&D relief	(224)	(208)
Adjustments to tax in respect of previous periods	(367)	(20)
Total tax (credit)/charge	(330)	120

Changes to the UK Corporation Tax rates were announced in the Chancellor's 2015 and 2016 Budgets. These include reductions in the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

7 Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £1,458,000 (2017: £2,375,000).

8 Dividends

	2018 £'000	2017 £'000
Cumulative preference shares of £1 each	125	130

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

9 Intangible assets

Group	Trademarks £'000
Cost	
At 1 July 2017	189
Additions	-
At 29 June 2018	189
Accumulated Amortisation	
At 1 July 2017	132
Amortisation for year	17
At 29 June 2018	149
Net book value	
At 29 June 2018	40
At 30 June 2017	57

The company holds no intangible assets.

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

10 Tangible assets

Group	Freehold land and buildings £'000	Investment Properties £'000	Buildings on tenanted land £'000	Plant, equipment and vehicles £'000	Livestock £'000	Total £'000
Cost or valuation						
At 1 July 2017	34,032	6,448	8,169	13,525	342	62,516
Additions	595	-	381	874	22	1,872
Disposals	-	-	-	(800)	(71)	(871)
Revaluations	20	154	-	-	-	174
At 29 June 2018	34,647	6,602	8,550	13,599	293	63,691
Accumulated Depreciation						
At 1 July 2017	112	-	4,560	8,846	42	13,560
Charge for year	20	-	323	762	12	1,117
Disposals	-	-	-	(558)	(9)	(567)
At 29 June 2018	132	-	4,883	9,050	45	14,110
Net book value						
At 29 June 2018	34,515	6,602	3,667	4,549	248	49,581
At 30 June 2017	33,920	6,448	3,609	4,679	300	48,956

Included in cost or valuation of land and buildings and investment properties is freehold land of £39,753,341 (2017:£38,984,341) which is not depreciated.

Group

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	2018 £'000	2017 £'000
Cost	11,959	11,364
Aggregate depreciation	4,012	3,877

Freehold land and buildings were valued on an open market basis on 5 December 2018 by Savills, Chartered Surveyors, independent qualified valuers. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The directors do not believe that there has been a material change in value since the formal valuation was carried out.

The net book value of fixed assets held under hire purchase contracts is £160,241 (2017: £434,905).

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

10 Tangible assets (continued)

Company

	Freehold land and buildings £'000	Investment Properties £'000	Buildings on tenanted land £'000	Plant, equipment and vehicles £'000	Livestock £'000	Total £'000
Cost or valuation						
At 1 July 2017	33,855	6,448	6,911	11,663	342	59,219
Additions	595	-	379	777	22	1,773
Disposals	-	-	-	(770)	(71)	(841)
Revaluations	20	154	-	-	-	174
At 29 June 2018	34,470	6,602	7,290	11,670	293	60,325
Accumulated Depreciation						
At 1 July 2017	-	-	4,550	7,344	42	11,936
Charge for year	-	-	260	670	12	942
Eliminated on disposal	-	-	-	(537)	(9)	(546)
At 29 June 2018	-	-	4,810	7,477	45	12,332
Net book value						
At 29 June 2018	34,470	6,602	2,480	4,193	248	47,993
At 30 June 2017	33,855	6,448	2,361	4,319	300	47,283

Included in cost or valuation of land and buildings and investment properties is freehold land of £39,753,341 (2017: £38,984,341) which is not depreciated.

Company

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	2018 £'000	2017 £'000
Cost	11,636	11,041
Aggregate depreciation	3,776	3,643

Freehold land and buildings were valued on an open market basis on 5 December 2018 by Savills, Chartered Surveyors, independent qualified valuers. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The directors do not believe that there has been a material change in value since the formal valuation was carried out.

The net book value of fixed assets held under hire purchase contracts is £160,241 (2017: £434,905).

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

11 Investments

Group		Unlisted investments £'000	Total £'000
Opening Net Book Value			
At 30 June 2017		280	280
Additions		-	-
Impairment in year		(22)	(22)
At 29 June 2018		258	258
Net book value			
At 29 June 2018		258	258
At 30 June 2017		280	280

Company	Shares in group undertakings £'000	Unlisted investments £'000	Total £'000
Cost			
At 1 July 2017 and 29 June 2018	772	24	796
Net book value			
At 29 June 2018	772	24	796
At 30 June 2017	772	24	796

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

11 Investments (continued)

The group or company's investments at the balance sheet date in the share capital of companies include the following:

	Country of registration or incorporation	% Holding
J.S.R. Genetics Limited	England	
Nature of business: Marketing pigs		
Class of shares:		
Ordinary		100.00
Registered address: Southburn Offices, Southburn, Driffield, East Yorkshire, YO25 9ED		
JSR (China) Limited	China	
County of incorporation: Hong Kong		
Nature of business: Dormant		
Class of shares:		
Ordinary		100.00
Registered address: 18/F united Centre, 95 Queensway, Admiralty, HK		
Beef Improvement Grouping Limited	England	
Nature of business: Cattle breeding		
Class of shares:		
Ordinary		33.33
Registered address: Southburn Offices, Southburn, Driffield, East Yorkshire, YO25 9ED		

Investments in group undertakings are stated at cost less impairment.

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

12 Stocks

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Livestock	7,123	7,031	6,635	6,520
Growing crops and feed	4,061	4,444	4,055	4,433
Sundry stocks	85	79	58	44
	11,269	11,554	10,748	10,997

13 Debtors

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	2,334	2,260	1,295	1,074
Other debtors	716	447	662	302
Amounts owed by group undertakings	-	-	1,766	-
Corporation tax	217	246	158	187
Prepayments and accrued income	343	324	289	273
	3,610	3,277	4,170	1,836
Debtors; amounts falling due after more than one year (note 19)	154	124	-	-

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

14 Creditors – amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 16)	2,032	3,635	2,032	2,420
Hire purchase contracts (note 17)	69	74	69	74
Trade creditors	2,848	2,751	2,455	2,299
Amounts owed to group undertakings	-	-	288	539
Other creditors	71	530	34	488
Accruals and deferred income	750	718	588	511
	5,770	7,708	5,466	6,331

Amounts owed to group undertakings are unsecured, interest free, and repayable on demand.

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

15 Creditors – amounts falling due after more than one year

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank loans and overdrafts (note 16)	12,281	8,927	12,281	7,602
Hire purchase contracts (note 17)	-	47	-	47
	12,281	8,974	12,281	7,649

The bank loans comprise:

- A loan of £6,000,000 which matures 2028 with quarterly repayments of £75,000, commencing 2020, and has an interest rate of 3.53%. The balance of the loan is repayable at maturity.
- A loan of £3,000,000 repayable interest only with its date of maturity being 2020 with an interest rate of 1.41% over the LIBOR. The balance is repayable at maturity
- A loan of £3,500,000 which matures 2020 with quarterly repayments of £43,750 and has an interest rate of 1.45% over LIBOR. The balance is repayable at maturity.

16 Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due within one year or on demand:				
Bank overdrafts	1,857	3,165	1,857	2,050
Bank loans	175	470	175	370
	2,032	3,635	2,032	2,420
Amounts falling due between one and two years:				
Bank loans	6,431	470	6,431	370
Amounts falling due between two and five years:				
Bank loans	900	8,457	900	7,232
Amounts falling due in more than five years:				
Bank loans	4,950	-	4,950	-

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

17 Obligations under hire purchase contracts and leases

Group	Hire purchase contracts	
	2018 £'000	2017 £'000
Net obligations repayable:		
Within one year	69	74
Between one and two years	-	31
Between two and five years	-	16
	69	121
Company		
Net obligations repayable:		
Within one year	69	74
Between one and two years	-	31
Between two and five years	-	16
	69	121

The Group and Company had the following future total minimum lease payments under non-cancellable operating leases for each of the following periods:

Group	2018 £'000	2017 £'000
Payments due		
Not later than one year	1,224	1,181
Later than one year and not later than five years	3,484	3,788
Later than five years	3,800	4,747
	8,508	9,716
Company		
Payments due		
Not later than one year	1,194	1,149
Later than one year and not later than five years	3,362	3,665
Later than five years	3,255	4,172
	7,811	8,986

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

18 Secured debts

The following secured debts are included within creditors:

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank overdrafts	1,857	3,165	1,857	2,050
Bank loans	12,456	9,397	12,456	7,972
Hire purchase contracts	69	121	69	121
	14,382	12,683	14,382	10,143

Group and company bank borrowings include an amount in respect of J.S.R. Farms Limited of £14,312,754 (2017: £10,022,297) which is secured by a fixed charge over certain land and buildings of the company.

Group bank loans and overdrafts include an amount in respect of J.S.R. Genetics Limited of £nil (2017: £2,540,092) which is secured by fixed and floating charges over the assets of the group.

The company together with JSR Genetics Limited is party to an unlimited multilateral guarantee in respect of the cumulative bank overdrafts of these companies. At 29 June 2018, the amount owing to the bank by the companies party to this guarantee was £nil (2017: £3,164,889).

19 Deferred tax

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Provision for deferred tax comprises:				
Fixed asset timing differences	(4,765)	(5,083)	(4,791)	(5,083)
R & D expenditure credit	7	7	7	7
Deferred tax provision	(4,758)	(5,076)	(4,784)	(5,076)
Deferred tax asset comprises:				
Depreciation in excess of capital allowances	-	-	-	-
Short term timing differences	-	-	-	-
Losses	150	120	-	-
R & D expenditure credit	4	4	-	-
Deferred tax asset (note 13)	154	124	-	-

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

19 Deferred tax (continued)

	Group		Company	
Movement in net deferred tax provision	2018 £'000	2017 £'000	2018 £'000	2017 £'000
1 July 2017 / 25 June 2016	4,952	5,135	5,076	5,345
Adjustment in respect of prior years	(376)	3	(320)	-
Deferred tax charged to profit and loss account	-	105	-	22
Deferred tax credited to other comprehensive income	28	(291)	28	(291)
29 June 2018 and 30 June 2017	4,604	4,952	4,784	5,076

Provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount provided in respect of revaluations is £5m. At present it is not envisaged that any such tax will become payable in the foreseeable future.

20 Financial instruments

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	2,334	2,260	1,295	1,074
Amounts owed by group undertakings	-	-	1,766	-
Other debtors	716	447	662	302
	3,050	2,707	3,723	1,376
Financial liabilities measured at fair value through profit or loss	-	(93)	-	(93)
	-	(93)	-	(93)
Financial liabilities measured at amortised cost				
Senior Bank Loans	(12,456)	(9,397)	(12,456)	(7,972)
Finance leases	(69)	(121)	(69)	(121)
Trade creditors	(2,848)	(2,751)	(2,455)	(2,299)
Accruals	(750)	(718)	(588)	(511)
Amounts owed to group	-	-	(288)	(539)
Other creditors	(71)	(530)	(34)	(488)
	(16,194)	(13,517)	(15,890)	(11,930)

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

21 Called up share capital

Group and company	2018 £'000	2017 £'000
Allotted, called up and fully paid		
1,802,990 (2017: 1,802,990) ordinary £1 shares	1,803	1,803
2,006,069 (2017: 2,006,069) cumulative preference £1 shares	2,006	2,006
	3,809	3,809

The preference shares carry a dividend of 6½% per annum, payable half yearly in arrears in October and April. The dividend rights are cumulative.

On a winding up of the company the preference shareholders have a right to receive £1 per share plus any accrued dividend in preference to payments to ordinary shareholders. The preference shares do not entitle the holders to vote at any general meeting of the company.

During the year 154,112 ordinary shares and 341,000 preference shares were purchased and held in treasury by the company. Retained earnings were reduced £1,704,000 reflecting the amount of consideration and related fees.

22 Reserves

The Group and Company reserves comprise the following:

Profit and loss account - This reserve records retained earnings and accumulated losses.

Revaluation reserve - This reserve records the fair value movements on assets.

Capital redemption reserve - This reserve records share capital purchased by the Group or Company.

23 Employee benefit obligations

The Group operates a UK registered trust based pension scheme that provides defined benefits. The Scheme closed to future accruals with effect from 30 April 2002. Pension benefits are linked to the members' final pensionable salaries and service at 30 April 2002 (or date of leaving if earlier). The Trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme.

There are two categories of members in the Scheme:

- Deferred members: members not yet retired.
- Pensioner members: in receipt of a pension.

The Trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustees as at 31 March 2015. This valuation revealed a funding shortfall of £1,060,000. Following this actuarial valuation, the Company agreed to pay contributions of £110,000 a year over the period 1 August 2015 to 31 March 2028 (with the contributions payable on or before 31 March each year). In addition, the Company agreed to pay £60,000 a year to cover

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

23 Employee benefit obligations (continued)

expenses. The Company therefore expects to pay £170,000 to the Scheme during the accounting year beginning 30 June 2018.

A triennial valuation of the Scheme is being carried out as at 31 March 2018. The preliminary results of this valuation indicate a funding shortfall at 31 March 2018.

Following completion of this valuation, it is likely there will be a new Schedule of Contributions and Recovery Plan agreed and further contributions may be required from the Company. However, the level of contributions payable has not yet been agreed.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2018 £'000	2017 £'000
Present value of funded obligations	(7,513)	(7,791)
Fair value of plan assets	5,513	5,727
Net liability	(2,000)	(2,064)

The amounts recognised in the profit or loss account are as follows:

	Defined benefit pension plans	
	2018 £'000	2017 £'000
Expected return on assets	149	169
Interest costs	(203)	(216)
Amount charged to the profit and loss account	(54)	(47)

Reconciliation of scheme assets and liabilities:

	Assets £'000	Defined benefit obligation £'000	Net Position £'000
At 30 June 2017	5,727	(7,791)	(2,064)
Benefits paid	(244)	244	-
Employer Contributions	170	-	170
Administrative expenses	(77)	-	(77)
Interest income/ (cost)	149	(203)	(54)
Actuarial gains/ (losses)	-	237	237
Return on assets excluding interest income	(212)	-	(212)
At 29 June 2018	5,513	(7,513)	(2,000)

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

23 Employee benefit obligations (continued)

The amounts recognised in other comprehensive income:

	Defined benefit pension plans	
	2018 £'000	2017 £'000
Actuarial (losses) on defined benefit obligations	237	(624)
Actual return on assets less interest	(212)	90
Amount recognised in other comprehensive income	25	(534)

The fair value of the scheme assets were:

	2018 £'000	2017 £'000
Equities/ Diversified Growth Funds	3,656	3,749
Corporate bonds	946	1,203
Gilts	867	849
Cash	44	(74)
	5,513	5,727

The return on the assets was:

	2018 £'000	2017 £'000
Interest income	149	169
Return on assets less interest income	(212)	90
Total return on assets	(63)	259

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

23 Employee benefit obligations (continued)

Principal actuarial assumptions at the balance sheet date:

	2018	2017
Discount rate	2.70%	2.65%
RPI inflation	3.00%	3.1%
CPI inflation	2.00%	2.1%
Future pension increases	2.90%	3.0%

The mortality assumptions used were as follows:

	2018	2017
Longevity at age 62 for current pensioners		
- men	24.7	24.8
- women	26.7	26.7
Longevity at age 62 for future pensioners		
- men	26.2	26.3
- women	28.3	28.3

The Company does not operate a defined benefit pension scheme.

The Group and Company operates a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The cost of contributions made to the scheme amounted to £237,000 (2017: £194,000) for the Group and £180,000 (2017: £145,000) for the Company.

24 Related party disclosures

J.S.R. Farms Limited is controlled by the Trustees of J S Rymer (deceased) and T S Rymer.

J.S.R. Farms Limited (the company) has 100% ownership of subsidiary company JSR Genetics Limited. During the year the company sold £1,928,775 (2017: £1,652,877) of goods and services to JSR Genetics. During the year the company also purchased £934,618 (2017: £723,862) of goods and services. At the year-end the company owed JSR Genetics Limited £288,120 (2017: £539,261) and this is included within creditors. Additionally, the company is owed £1,765,750 by JSR Genetics Ltd, which is disclosed within debtors.

J.S.R. Farms Limited

Notes to the consolidated financial statements for the year ended 29 June 2018 (continued)

24 Related party disclosures (continued)

At the year end the following balances were due to the group in respect of entities which are joint ventures of J.S.R. Farms Limited:

	2018 £'000	2017 £'000
Beef Improvement Grouping Limited	50	30

Porkwell Limited is held under the control of the Trustees of J S Rymer (deceased). The Trustees of J S Rymer (deceased) and T S Rymer are partners in the JSR Partnership. T S Rymer is also a director of Swaythorpe Growers Limited.

At the year end the amounts detailed below were due (from)/to the group as follows:

	2018 £'000	2017 £'000
JSR Partnership	47	169
Porkwell Limited	174	(69)
Swaythorpe Growers Limited	(62)	(42)

During the year the group entered into the following transactions with the above related parties:

	2018 £'000	2017 £'000
Sales	2,374	1,783
Purchases	1,324	1,063
Administration costs	246	246

During the year, the group also entered into the following transactions with associated businesses of P Wright and B Hoggarth, directors of group companies:

	2018 £'000	2017 £'000
Consultancy services	163	192

During the year, the company had a share buy-back from one of its shareholders. These shares are held in treasury. Refer note 21 for details.