

COGENT BREEDING LIMITED

**Annual Report and Financial Statements
For the year ended 31 December 2021**

Company number: 02750987



COGENT BREEDING LIMITED

CONTENTS

	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Directors' responsibilities statement	7
Independent auditor's report	8
Profit and loss account	11
Statement of comprehensive income	12
Balance sheet	13
Statement of changes in equity	14
Cash flow statement	15
Notes to the financial statements	16

COGENT BREEDING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J F Moreno
G W Bevier
M A Roach

REGISTERED OFFICE

Beachin Stud
Lea Lane
Aldford
Chester
CH3 6JQ

BANKERS

HSBC Bank plc
47 Eastgate Street
Chester
CH1 1XW

SOLICITORS

Brabners Chaffe Street LLP
Horton House
Exchange Flags
Liverpool
L2 3YL

AUDITOR

Ernst & Young LLP
2 St Peters Square
Manchester
M2 3DF

COGENT BREEDING LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITY

The principal activity of the Company during the year continued to be the supply of bovine genetics to the global dairy and beef industries.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company reported an increase in turnover for the year ended 31 December 2021 from £18,313k to £21,944k. There was growth in both domestic and export sales. The gross profit achieved was £4,805k (2020 - £2,364k). An operating profit of £2,647k (2020 – loss of £282k) was realised and the profit before taxation was £2,646k (2020 – loss of £283k). 2020 reflects a loss on disposal of the Company's Canadian and Australian subsidiaries of £987k. This positive result, and the improvement in the Company's net asset position, provides a good base from which to grow further the Company's domestic and export sales during 2022 and in the future.

The semen sorting laboratory at Bryansk in Russia, which is held as a branch of the company, operated during the course of 2021. The branch's results are reflected in the figures stated above. The branch generated revenue of £900k (2020 - £723k) and achieved a pre-tax profit of £472k (2020 - £173k). Further to the invasion of Ukraine, by Russia, the Bryansk laboratory has not re-opened for the 2022 cattle breeding season in Russia and so has not operated. Furthermore a deed was executed on 19 August 2022 that terminated the semen sorting contract between the branch and its sole customer, The Bryansk Meat Company.

The total capital employed for the Company increased during the year by £2,809k to £12,438k as a result of total comprehensive income for the year of £2,809k (2020 – expenditure of £369k).

As Cogent Breeding Limited is wholly owned by Inguran LLC (which trades as STgenetics) the Company has full access to the best sexed semen technology and the largest bovine genetics programme globally. This has and continues to provide transformational benefits to the Company and its customers. In return, the Company provides STgenetics with a UK and European platform, an improved route to market internationally and an established 'beef on dairy' programme.

Cogent Breeding Limited continues to develop its innovative tools and programmes that deliver significant 'bottom line' benefit to its customers. These programmes include HERD MAP, Precision DNA and Chromosomal Mating all of which encompass the use of genomic testing with elite genetics delivered through SexedUltra4M beef and dairy semen. This development continued during the coronavirus pandemic the wider implications of which are considered later in this report.

Whilst the Company has confidence about its future growth prospects, and sales to date in 2022 are consistent with this, there are concerns, and challenges, over the future uncertainties of high cost inflation levels, particularly fuel prices, supply chain restrictions and the implications of the ongoing war in Ukraine.

KEY PERFORMANCE INDICATORS

The Company monitors bull numbers at stud as a key performance indicator. During the year the average number of bulls at its stud facility in Cheshire, inclusive of third party owned bulls, was 191 (2020 – 183). The Company also monitors turnover, gross profit, operating and net (before tax) results as key performance indicators all of which are disclosed above.

COGENT BREEDING LIMITED

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are noted below.

Bio-security

A key risk facing the Company is bio-security. The production and sale of breeding products is dependent on the health status of the stud. This risk is mitigated by a bio-security policy and stringent health and welfare practices.

Dairy industry

Demand for products is influenced by economic conditions within the dairy industry such as the milk prices received by dairy farmers. This risk is mitigated by operating in global markets to reduce the exposure to change in any one market.

Technology

The Company is at risk from competitors gaining a competitive advantage from new technological developments. This risk is mitigated by the review of existing technologies, research into new technologies and being wholly owned by STgenetics.

Exit from European Union

With the UK having left the European Union, the Company continues to assess the risk and impact of this particularly in relation to its customers in mainland Europe and its trading relationships with them.

Invasion of Ukraine

Further to the invasion of Ukraine by Russia, in February 2022, the Company has monitored the ongoing war and its impact upon the business in relation to supply chain difficulties, particularly in the procurement of new vehicles, and cost inflation pressures. Conversely since the war began sales of semen to Ukraine have continued though and these have been paid for in accordance with agreed credit terms.

Coronavirus (Covid-19) Pandemic

On 11 March 2020, the World Health Organisation declared the outbreak of the novel coronavirus reported in late December 2019 ("COVID-19") a global pandemic. COVID-19 adversely impacted global activity and contributed to significant declines and volatility in financial markets. The outbreak caused a material adverse impact on economic and market conditions and triggered a period of unknown duration of global economic slowdown.

The Company furloughed a small number of employees under the UK Government's Coronavirus Job Retention Scheme and as such received assistance during the year of £13k (2020 - £30k) which is disclosed as other income in the profit and loss account.

Some dairy farm and beef producing customers experienced disruption as food consumption shifted from restaurants to homes and sought UK Government assistance where they qualified to do so. Despite the pandemic, and the experience of some customers, the Company maintained operations as these were considered an essential service being a provider in the food supply chain. Whilst some uncertainty remains as to the longer-term implications of COVID-19 for the Company, as of the date of this report, the Company has not observed any material adverse impact on sales to customers or its production capacity as a result of COVID-19.

COGENT BREEDING LIMITED

STRATEGIC REPORT

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to several financial risks including credit risk, cash flow risk and liquidity risk. The Company does not use derivative financial instruments.

Cash flow risk

The Company's activities expose it to the financial risk of changes in foreign currency exchange rates. Currency movements are monitored and prices are adjusted as required.

Credit risk

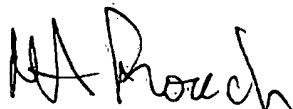
The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. None of the Company's debtors represent more than 10% of trade receivables and therefore credit risk is spread over a large number of customers.

Liquidity risk

Liquidity is managed by the Company on a daily and monthly basis. The directors have received confirmation of financial support from the ultimate parent company.

Approved by the Board of Directors

and signed on its behalf by



M A Roach

Chairman

29 September 2022

COGENT BREEDING LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2021.

Details of future developments and financial risk management can be found in the Strategic report and form part of this report by cross-reference.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account. The profit for the year after taxation was £2,816k (2020 – loss of £367k). The directors do not recommend the payment of a dividend (2020 - £nil) and no dividends were paid during the year (2020 - £nil).

DIRECTORS

The membership of the Board who served during the year and to the date of this report, unless otherwise stated, were as follows:

M A Roach – Chairman
J F Moreno
G W Bevier

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

GOING CONCERN

The global health and economic crisis resulting from the COVID-19 pandemic has affected the Company's business activities. Nevertheless, turnover increased from 2019 to 2020 by over 22% and from 2020 to 2021 by nearly 20%. Year to date in 2022 sales are in excess of budget and the prior year.

Upon review of the results to date, along with the forecast to 30 September 2023, and considering the reasonable possible changes in trading activity, along with the potential future impact of the COVID-19 pandemic, the directors are satisfied that sufficient resources will be available to the Company to meet its financial liabilities as they fall due.

When concluding upon the going concern basis of preparing the financial statements, the directors considered the impact of multiple factors including COVID-19, the prospect of potential future lockdowns and associated possible lost revenues. The directors considered a growth in sales of 7.5% to FY2022 levels whilst developing the forecast for the going concern assessment. Additional procedures have been performed as part of the going concern assessment considering an appropriate worst-case scenario by assuming a 10% fall in revenues from the forecast revenue numbers.

In addition to considering the worst-case scenario at UK level, the directors have made enquiries of Inguran LLC (the 'Parent') in order to satisfy themselves that sufficient financial support would be available from the Parent should it be required since the Company is part of centralised treasury arrangements maintained by the Parent. In doing so, the directors have also received a letter of financial support from the Parent covering the period to 30 September 2023.

The directors have also considered the ability of the Parent to provide such support with no significant concerns noted. Based upon their considerations and enquiries, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt over the ability of the Company to continue as a going concern for the period to 30 September 2023 and the directors accordingly have continued to adopt the going concern basis of accounting in the preparation of these financial statements.

EXISTENCE OF OVERSEAS BRANCHES

As defined in section 1046(3) of the Companies Act 2006, the Company has Inguran Sorting Technologies Bryansk, a branch formed outside the UK in Russia. This branch was registered with the authorities in Moscow on 18 September 2019.

COGENT BREEDING LIMITED

DIRECTORS' REPORT

POST BALANCE SHEET EVENTS

Refer to note 21 for details of an event after the date of the balance sheet to report.

EMPLOYEES

The directors recognise the importance of good communications and relations with the Company's employees. Each department within the Company maintains employee relationships appropriate to its own particular needs and environment.

AUDITOR

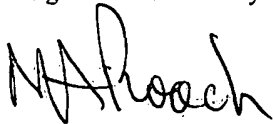
Each of the persons who is a director at the date of approval of this report confirms that:

- a) in so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b) the director has taken all reasonable steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Ernst & Young LLP have indicated their willingness to be reappointed for another term.

Approved by the Board of Directors
and signed on its behalf by



M A Roach

Chairman

29 September 2022

COGENT BREEDING 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 for that year. 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGENT BREEDING LIMITED

Opinion

We have audited the financial statements of Cogent Breeding Limited for the year ended 31 December 2021 which comprise Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of cash flows, the Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGENT BREEDING LIMITED (Continued)

Opinions on other matters prescribed by the Companies Act 2006

- In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

- In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGENT BREEDING LIMITED (Continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are regulations relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations including health and safety, General Data Protection Regulation and furlough scheme rules.

We understood how Cogent Breeding Limited is complying with those frameworks by making enquiries of management, and those responsible for legal and compliance procedures, to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We identified a risk that management may override controls including certain key processes in order to achieve a desired financial reporting outcome. We determined that the areas most susceptible to any such override was revenue recognition.

We designed audit procedures to address the identified risk in relation to revenue recognition. These procedures included but were not limited to, obtaining an understanding of the accounting policies and controls relevant to the identified risk and performing tests of detail for a sample of transactions. We incorporated data analytics into our audit approach to assist in our targeted review of manual journals including segregation of duties and our testing of revenue recognition.

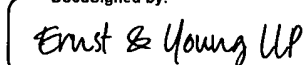
Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journal entries identified by specific risk criteria which could indicate any non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



A376997A86654EE...

Tehseen Ali (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date: 29 September 2022

COGENT BREEDING LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
TURNOVER	3	21,944	18,313
Other income		13	30
Cost of sales		(17,152)	(15,979)
GROSS PROFIT		4,805	2,364
Administrative expenses		(2,158)	(1,659)
Loss on disposal of subsidiary companies		-	(987)
OPERATING PROFIT / (LOSS)		2,647	(282)
Finance costs	4	(1)	(1)
PROFIT / (LOSS) BEFORE TAXATION	5	2,646	(283)
Tax on profit / (loss)	8	170	(84)
PROFIT / (LOSS) FOR THE YEAR		2,816	(367)

The notes on pages 16 to 29 form an integral part of these financial statements.

COGENT BREEDING LIMITED**STATEMENT OF COMPREHENSIVE INCOME****Year ended 31 December 2021**

	2021 £'000	2020 £'000
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	2,816	(367)
Currency translation difference on foreign currency net investments	(7)	(2)
Other comprehensive income / (expense)	(7)	(2)
TOTAL COMPREHENSIVE INCOME / (EXPENDITURE)	2,809	(369)
Profit / (Loss) for the year attributable to:		
Equity shareholders of the Company	2,816	(367)
Total comprehensive income / (expenditure) for the year attributable to:		
Equity shareholders of the Company	2,809	(369)

The notes on pages 16 to 29 form an integral part of these financial statements.

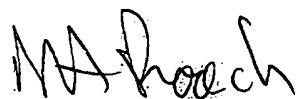
COGENT BREEDING LIMITED**BALANCE SHEET**
As at 31 December 2021

	Note	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	9	10	31
Tangible assets	10	4,278	3,046
		<u>4,288</u>	<u>3,077</u>
CURRENT ASSETS			
Stocks	11	2,236	1,858
Debtors	12	7,008	5,162
Cash at bank and in hand		2,273	3,031
		<u>11,517</u>	<u>10,051</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(3,710)</u>	<u>(3,499)</u>
NET CURRENT ASSETS		<u>7,807</u>	<u>6,552</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,095	9,629
PROVISIONS FOR LIABILITIES		<u>343</u>	<u>-</u>
NET ASSETS		<u>12,438</u>	<u>9,629</u>
CAPITAL AND RESERVES			
Called-up share capital	16	11,296	11,296
Profit and loss account		1,142	(1,667)
TOTAL CAPITAL EMPLOYED		<u>12,438</u>	<u>9,629</u>

The notes on pages 16 to 29 form an integral part of these financial statements.

These financial statements of Cogent Breeding Limited, with company registration number 02750987, were approved by the Board of Directors on 29 September 2022.

Signed on behalf of the Board of Directors



M A Roach
Chairman

COGENT BREEDING LIMITED**STATEMENT OF CHANGES IN EQUITY****Year ended 31 December 2021**

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 31 December 2019	8,059	(1,298)	6,761
Loss for the financial year	-	(367)	(367)
Currency translation difference on foreign currency net investments	-	(2)	(2)
Total comprehensive expenditure	-	(369)	(369)
Issue of share capital (see note 16)	3,237	-	3,237
At 31 December 2020	11,296	(1,667)	9,629
Profit for the financial year	-	2,816	2,816
Currency translation difference on foreign currency net investments	-	(7)	(7)
Total comprehensive income	-	2,809	2,809
At 31 December 2021	11,296	1,142	12,438

The notes on pages 16 to 29 form an integral part of these financial statements.

COGENT BREEDING LIMITED**CASH FLOW STATEMENT**
Year ended 31 December 2021

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Operating profit / (loss)		2,647		(282)
Adjustment for:				
Depreciation	1,460		1,168	
Provision of impairment of investments	-		(172)	
Amortisation	21		22	
Loss on disposal of operations	-		987	
Loss on disposal of fixed assets	48		134	
Effect of unrealised foreign exchange rate changes	(8)		6	
		1,521		2,145
Working capital movements:				
(Increase) / Decrease in stocks	(378)		951	
(Increase) / Decrease in debtors	(1,845)		1,035	
Increase / (Decrease) in creditors	212		(373)	
		(2,011)		1,613
Taxation paid		(175)		(81)
Net cash flows from operating activities		1,982		3,395
Cash flows from investing activities				
Proceeds from sale of tangible fixed assets	86		71	
Proceeds from disposal of operations	-		347	
Purchase of tangible fixed assets	(2,825)		(1,320)	
Purchase of intangible fixed assets	-		-	
Net cash flows used in investing activities		(2,739)		(902)
Cash flows from financing activities				
Interest paid	(1)		(1)	
Net cash flows used in financing activities		(1)		(1)
Net (decrease) / increase in cash and cash equivalents		(758)		2,492
Cash and cash equivalents at beginning of year		3,031		539
Cash and cash equivalents at end of year		2,273		3,031

The notes on pages 16 to 29 form an integral part of these financial statements.

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES

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

a. General information and basis of accounting

Cogent Breeding Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2016 and is registered in England and Wales. The address of the registered office is shown on page 1.

The principal activity of the Company and the nature of its operations are set out in the Strategic report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Cogent Breeding Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

b. Going concern

The global health and economic crisis resulting from the COVID-19 pandemic has affected the Company's business activities. Nevertheless, turnover increased from 2019 to 2020 by over 22% and from 2020 to 2021 by nearly 20%. Year to date in 2022 sales are in excess of budget and the prior year.

Upon review of the results to date, along with the forecast to 30 September 2023, and considering the reasonable possible changes in trading activity, along with the potential future impact of the COVID-19 pandemic, the directors are satisfied that sufficient resources will be available to the Company to meet its financial liabilities as they fall due.

When concluding upon the going concern basis of preparing the financial statements, the directors considered the impact of multiple factors including COVID-19, the prospect of potential future lockdowns and associated possible lost revenues. The directors considered a growth in sales of 7.5% to FY2022 levels whilst developing the forecast for the going concern assessment. Additional procedures have been performed as part of the going concern assessment considering an appropriate worst-case scenario by assuming a 10% fall in revenues from the forecast revenue numbers.

In addition to considering the worst-case scenario at UK level, the directors have made enquiries of Inguran LLC (the 'Parent') in order to satisfy themselves that sufficient financial support would be available from the Parent should it be required since the Company is part of centralised treasury arrangements maintained by the Parent. In doing so, the directors have also received a letter of financial support from the Parent covering the period to 30 September 2023.

The directors have also considered the ability of the Parent to provide such support with no significant concerns noted. Based upon their considerations and enquiries, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt over the ability of the Company to continue as a going concern for the period to 30 September 2023 and the directors accordingly have continued to adopt the going concern basis of accounting in the preparation of these financial statements.

c. Intangible fixed assets

Licences, purchased goodwill and other intangible fixed assets are stated at cost less aggregate amortisation, and provision for impairment, and are amortised on a straight-line basis so as to spread their cost over their expected useful economic lives, being three years.

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

With the exceptions of land and assets under construction, depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings	- 10% per annum straight line
Plant and equipment	- 12.5% to 50% per annum straight line

Biological assets are measured using the cost model. The assets included comprise two classes consisting of a bull herd and breeding animals, the components of which are depreciated on a straight-line basis between one and three years. On transition to FRS 102 as permitted by section 34 of FRS 102 the Company retained its existing accounting policy of measuring biological assets at cost.

d. Financial instruments

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.

(i) Financial assets and 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, 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 balance sheet 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 of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transactions) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments 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.

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, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

(ii) Investments

In the balance sheet, investments (including investments in associates and jointly controlled entities) are measured at cost less impairment.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

e. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and appropriate production overheads. Cost is calculated using a standard costing or FIFO (first-in, first-out) method. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

f. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. 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 (not payable) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be recovered (not payable) 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 liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

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.

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

i. Research and development expenditure

All research and development expenditure on different semen products for differing market sectors is charged to the profit and loss account as incurred.

j. Employee benefits

Defined contribution schemes

The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

k. Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account in the period in which they arise.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

l. Leases

Assets held under hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

n. Interest

Interest expense in the profit and loss account represents interest accrued during the period covered by these financial statements and not the amount of interest paid during that period.

o. Government grants

Government grants are recognised when there is reasonable assurance that the Company complies with the conditions attaching to the grant and the grant will be received.

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

2. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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.

Inventory valuation and provisioning

The Company values manufactured stock using a fully absorbed standard cost. Management have reviewed inventory provisioning mechanisms to ensure levels are appropriate for the business model. In addition to obsolescence, inventory that represents over 5 years of sales at current levels is fully provided against by the Company.

3. TURNOVER

	2021 £'000	2020 £'000
Sale of goods	15,996	13,678
Rendering of services	5,948	4,635
	<u>21,944</u>	<u>18,313</u>

An analysis of turnover by geographical market is set out below:

	2021 £'000	2020 £'000
United Kingdom	13,343	11,937
Rest of Europe	5,323	4,162
North America	862	267
Australia	235	246
Rest of the world	2,181	1,701
	<u>21,944</u>	<u>18,313</u>

4. FINANCE COSTS

	2021 £'000	2020 £'000
Interest payable and similar expenses	<u>1</u>	<u>1</u>

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

5. LOSS BEFORE TAXATION

	2021 £'000	2020 £'000
Profit / (loss) before taxation is stated after charging / (crediting):		
Depreciation of tangible fixed assets (note 10)	1,460	1,168
Amortisation of intangible fixed assets (note 9)	21	22
Provision release against investments	-	(172)
Loss on disposal of fixed assets	48	134
Loss on disposal of subsidiary companies	-	987
Operating lease rentals payable for land and buildings	302	279
Operating lease rentals payable for other assets	543	539
Foreign exchange losses / (gains)	70	44
Cost of stock recognised as an expense	7,530	7,097
Royalties payable	1,601	1,160
Other income – Coronavirus job retention scheme	(13)	(30)

Amortisation of intangible assets are included in administrative expenses.

The Company furloughed a small number of employees under the Government's Coronavirus Job Retention Scheme and as such received assistance of £13k (2020 - £30k) during the year. This assistance ended in April 2021.

The analysis of auditor's remuneration is as follows:

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the annual financial statements	65	82
Fees payable to the Company's auditor for tax compliance services	-	6

No services were provided pursuant to contingent fee arrangements.

6. STAFF NUMBERS AND COSTS

	2021 £'000	2020 £'000
Employee costs during the year, including directors:		
Wages and salaries	6,205	5,418
Social security costs	660	558
Pension costs included within operating costs:		
Defined contribution schemes (note 18)	341	306
	7,206	6,282

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

6. STAFF NUMBERS AND COSTS (continued)

Average monthly number of employees by department, including directors:

	2021 Number	2020 Number
Production	46	42
Sales	57	52
Distribution	16	16
AI Servicing	54	53
Administration	11	10
	<u>184</u>	<u>173</u>

7. DIRECTORS' REMUNERATION

For those directors remunerated by companies within the Inguran LLC group, it is not practicable to recharge Cogent Breeding Limited nor allocate their remuneration between their services as directors of this company and their services as directors of other companies. For those directors remunerated externally, charges for their services of £19k (2020 - £38k) were made upon Cogent Breeding Limited.

The number of directors who are members of the defined contribution pension scheme is nil (2020 – nil).

8. TAX ON PROFIT / (LOSS)

The tax charge comprises:

	2021 £'000	2020 £'000
Current tax on profit / (loss)		
UK corporation tax at 19%	-	-
Overseas tax charge	<u>173</u>	<u>84</u>
Total current tax charge	<u>173</u>	<u>84</u>
Total deferred tax credit (see note 14)	<u>(343)</u>	<u>-</u>
Total tax (credit) / charge on profit / (loss)	<u>(170)</u>	<u>84</u>

The standard rate of tax applied to the reported result is 19% (2020 - 19%). This rate has been used to measure deferred tax assets and liabilities where applicable. A deferred tax rate of 19% has been applied to opening balances and movements in deferred tax in the year ended 31 December 2021 (2020 - 19%) as the substantially enacted reduction in the UK corporation tax rate was retracted in Finance Act 2020.

An increase in the standard rate of tax from 19% to 25% with effect from 1 April 2023 was announced in the March 2021 Budget. This change of tax rate has no impact upon the deferred tax recognised as per note 14.

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

8. TAX ON PROFIT / (LOSS) (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2021 £'000	2020 £'000
Profit / (loss) before tax	2,646	(283)
Tax on profit / (loss) at standard UK corporation tax rate of 19% (2020 - 19%):	503	(54)
Fixed asset differences	(52)	146
Expenses not deductible for tax purposes	250	488
Income not taxable	-	(136)
Other permanent differences	-	(16)
Unprovided deferred tax movements	(951)	(428)
Overseas tax	80	84
Total tax (credit) / charge for year	(170)	84

9. INTANGIBLE FIXED ASSETS

	Licences £'000	Goodwill £'000	Other £'000	Total £'000
Cost				
At 1 January and 31 December 2021	306	502	215	1,023
Accumulated amortisation				
At 1 January 2021	(306)	(502)	(184)	(992)
Charge for the year	-	-	(21)	(21)
At 31 December 2021	(306)	(502)	(205)	(1,013)
Net book value				
At 31 December 2021	-	-	10	10
At 31 December 2020	-	-	31	31

COGENT BREEDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS (Continued)****Year ended 31 December 2021****10. TANGIBLE FIXED ASSETS**

	Land and buildings £'000	Plant and equipment £'000	Livestock £'000	Total £'000
Cost				
At 1 January 2021	830	7,496	2,267	10,593
Additions	55	1,406	1,364	2,825
Disposals	-	(77)	(753)	(830)
Exchange difference	-	2	-	2
At 31 December 2021	<u>885</u>	<u>8,827</u>	<u>2,878</u>	<u>12,590</u>
Depreciation				
At 1 January 2021	(607)	(5,811)	(1,129)	(7,547)
Charge for the year	(73)	(619)	(768)	(1,460)
Disposals	-	76	620	696
Exchange difference	-	(1)	-	(1)
31 December 2021	<u>(680)</u>	<u>(6,355)</u>	<u>(1,277)</u>	<u>(8,312)</u>
Net book value				
At 31 December 2021	<u>205</u>	<u>2,472</u>	<u>1,601</u>	<u>4,278</u>
At 31 December 2020	<u>223</u>	<u>1,685</u>	<u>1,138</u>	<u>3,046</u>

Included within the Company's land and buildings is land which has a cost of £nil (2020 - £nil). The buildings are all leasehold with a net book value of £205k (2020 - £223k) and are held under short term leases. Livestock is classified as biological assets.

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

11. STOCKS

	2021 £'000	2020 £'000
Goods for resale	1,884	1,682
Consumable stores	352	176
	<u>2,236</u>	<u>1,858</u>

Other than as provided, there is no material difference between the balance sheet value of stocks and their replacement value. Cost of stock recognised as an expense is £7,530k (2020 - £7,097k).

12. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due within one year		
Trade debtors	4,179	3,992
Amounts owed by group companies	2,335	730
Overseas tax recoverable	1	-
Prepayments, other debtors and accrued income	493	440
	<u>7,008</u>	<u>5,162</u>

Amounts owed by group companies are repayable on demand, are non-interest bearing and are unsecured.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	695	493
Amounts due to group companies	132	-
Taxation and social security	1,003	1,309
Overseas tax payable	-	1
Accruals	1,162	710
Deferred income	718	986
	<u>3,710</u>	<u>3,499</u>

Amounts owed to group companies are repayable on demand, are non-interest bearing and are unsecured.

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

14. PROVISIONS FOR LIABILITIES

Deferred Tax

	2021 £'000	2020 £'000
Balance brought forward – asset / (liability)	-	-
Credit to profit and loss account	343	-
	<u>343</u>	<u>-</u>
Balance carried forward – asset / (liability)	<u>343</u>	<u>-</u>

A deferred tax asset of £343k (2020 - £731k unrecognised) has been recognised in respect of timing differences relating to fixed assets of £11k (2020 - £472k unrecognised), losses carried forward of £297k (2020 - £234k unrecognised) or short-term timing differences of £35k (2020 - £25k unrecognised). This deferred tax asset has been recognised as there is sufficient evidence that it will be recovered in the foreseeable future. There is no expiry date for any of the tax losses, credits or other tax assets either provided or unprovided.

15. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2021 £'000	2020 £'000
Financial assets		
Measured at amortised cost		
- Trade debtors (note 12)	4,179	3,992
- Amounts owed by group companies (note 12)	2,335	730
- Other debtors and accrued income	162	189
	<u>6,676</u>	<u>4,911</u>
Financial liabilities		
Measured at amortised cost		
- Trade creditors (note 13)	(695)	(493)
- Amounts due to group companies (note 13)	(132)	-
- Accruals (note 13)	(1,162)	(710)
	<u>(1,989)</u>	<u>(1,203)</u>

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2021 £'000	2020 £'000
Interest expense		
Total interest expense for financial liabilities at amortised cost	<u>(1)</u>	<u>(1)</u>

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 December 2021

16. CALLED-UP SHARE CAPITAL AND RESERVES

	Number of shares 2021	£'000 2021	Number of shares 2020	£'000 2020
Allotted, called-up and fully paid				
Ordinary shares of £1.00 each	<u>11,295,808</u>	<u>11,296</u>	<u>11,295,808</u>	<u>11,296</u>

Rights of classes of shares

The Company has one class of ordinary shares which carries no right to fixed income.

The Company's profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

17. FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021		2020	
	Land and buildings £'000	Other assets £'000	Land and buildings £'000	Other assets £'000
Within one year	279	145	260	319
Within 2 to 5 years	691	191	926	105
After 5 years	-	-	-	-
	<u>970</u>	<u>336</u>	<u>1,186</u>	<u>424</u>

18. EMPLOYEE BENEFITS

Defined contribution schemes

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2021 was £341k (2020 - £306k). Contributions payable as at 31 December 2021 were £nil (2020 - £nil).

COGENT BREEDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **Year ended 31 December 2021**

19. RELATED PARTY TRANSACTIONS

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

During the year the Company made purchases of £17k (2020 - £4k) from Cytonome Inc, a company partly owned by Inguran LLC. At the year end, there was a trading balance owing of £nil (2020 - £nil) to Cytonome Inc.

Also during the year the Company made sales of £183k (2020 - £31k) to Sexing Technologies Do Brasil LTDA, a company partly owned by Inguran LLC. At the year end, there was a trading balance receivable of £nil (2020 - £nil) from Sexing Technologies Do Brasil LTDA.

The total remuneration for key management personnel for the year totalled £19k (2020 - £38k), being directors' remuneration disclosed in note 7.

20. ULTIMATE CONTROLLING PARTIES

Inguran LLC (22575 State HWY6 South, Navasota, TX77868, USA) is the Company's ultimate parent undertaking and ultimate controlling party, as it owns 100% of the Company (2020 – 100%). This company prepares the smallest and largest consolidated financial statements in which the results of Cogent Breeding Limited are included.

Cogent Breeding Limited is directly held by the intermediate holding company, STgenetics Worldwide Limited, a UK registered company.

21. POST BALANCE SHEET EVENTS

On 24 July 2019 a civil claim was filed by the selling shareholders against Cogent Breeding Limited and Foundation Genetics Service Incorporated (now known as Cogent Breeding Canada ULC) in the Ontario Superior Court of Justice (Canada) in relation to the acquisition of Foundation Genetics Service Incorporated by Cogent Breeding Limited on 1 September 2015 by way of a share purchase agreement (SPA). The claim, brought by former shareholders of Foundation Genetics Service Incorporated, makes allegations relating to the shareholders' earn-out entitlement under the SPA and seeks certain shareholder remedies and damages. Cogent Breeding Limited was served with the claim in August 2020. The selling shareholders have also advised of their intention to dispute the calculation of their earn-out entitlement by way of arbitration under the SPA but no steps have been taken to advance the arbitration. However, a date has been agreed among the parties in November to discuss the matter through mediation. As it is premature to assess the selling shareholders' claims at the date of approval of these financial statements, it is accordingly not considered necessary to make a provision for damages in the financial statements.

On 19 August 2022 a deed was executed that terminated the semen sorting contract between the Russian Branch of the Company and its sole customer, The Bryansk Meat Company. Further, the Bryansk laboratory has not opened for the 2022 cattle breeding season in Russia nor operated. Management has performed an assessment whether there is any impairment required with regard to the Branch's assets and concluded that no impairment is necessary to record since the Group has directed the Branch to transfer its assets to other entities within the Group at carrying values.