Company Registration No. SC176353 (Scotland)

CYGNET POTATO BREEDERS LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

PAGES FOR FILING WITH REGISTRAR

CYGNET POTATO BREEDERS LTD

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CYGNET POTATO BREEDERS LTD

BALANCE SHEET

AS AT 31 MAY 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	**3**		9		9
Tangible assets	**4**		153,617		133,183
			153,626		133,192
Current assets					
Stocks		134,227		141,127	
Debtors	**5**	1,708,798		2,191,820	
Cash at bank and in hand		16,114		10,851	
		1,859,139		2,343,798	
Creditors: amounts falling due within one year	**6**	(1,440,286)		(2,042,079)	
Net current assets			418,853		301,719
Total assets less current liabilities			572,479		434,911
Creditors: amounts falling due after more than one year	**7**		(13,021)		(17,798)
Net assets			559,458		417,113
Capital and reserves					
Called up share capital			1,000,000		1,000,000
Profit and loss reserves			(440,542)		(582,887)
Total equity			559,458		417,113

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 10 December 2020 and are signed on its behalf by:

D J Harley
Director

Company Registration No. SC176353

1 Accounting policies

Company information
Cygnet Potato Breeders Ltd is a private company limited by shares incorporated in Scotland. The registered office is Thomanean, Milnathort, Kinross, KY13 0RF.

1.1 Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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. For example, given the current situation with COVID-19 still being in its infancy, it is difficult to evaluate all the potential implications on the company's trade, customers, suppliers and the wider economy.

1.3 Turnover
The turnover shown in the profit or loss account represents amounts invoiced in respect of potatoes sold during the year, exclusive of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

1 Accounting policies **(Continued)**

1.5 Intangible fixed assets other than goodwill

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are reviewed for impairment at the end of each year. An impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount, being the higher of net realisable value and value in use. An asset is impaired to the extent that the carrying amount exceeds the recoverable amount.

Any impairment loss identified is recognised in the profit and loss account.

Manufacturing know-how has been fully amortised over its estimated useful life.

Germplasm has been fully amortised over its estimated useful life.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Heritable property	2% on cost
Plant and equipment	15% on cost
Fixtures and fittings	25% on reducing balance
Motor vehicles	20% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.16 Foreign exchange

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 transactions. Exchange differences are taken into account in arriving at the operating result.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	9	10

3 Intangible fixed assets

	Manufacturing know-how	Germplasm	Total
	£	£	£
Cost			
At 1 June 2019 and 31 May 2020	180,007	350,000	530,007
Amortisation and impairment			
At 1 June 2019 and 31 May 2020	179,999	349,999	529,998
Carrying amount			
At 31 May 2020	8	1	9
At 31 May 2019	8	1	9

The above assets relate to the rights to certain potato varieties and the technical know-how of the potato breeding programme.

4 Tangible fixed assets

	Heritable property	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 June 2019	107,810	109,132	25,027	77,207	319,176
Additions	-	33,563	5,088	-	38,651
Disposals	-	-	-	(7,000)	(7,000)
At 31 May 2020	107,810	142,695	30,115	70,207	350,827
Depreciation and impairment					
At 1 June 2019	18,714	101,686	20,282	45,311	185,993
Depreciation charged in the year	2,156	6,012	1,681	7,853	17,702
Eliminated in respect of disposals	-	-	-	(6,485)	(6,485)
At 31 May 2020	20,870	107,698	21,963	46,679	197,210
Carrying amount					
At 31 May 2020	86,940	34,997	8,152	23,528	153,617
At 31 May 2019	89,096	7,446	4,745	31,896	133,183

5 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	955,481	1,386,817
Corporation tax recoverable	46,189	95,007
Amounts owed by group undertakings	604,662	600,435
Other debtors	102,466	109,561
	1,708,798	2,191,820

6 Creditors: amounts falling due within one year

		2020	2019
		£	£
Bank loans and overdrafts		877,635	835,848
Obligations under finance leases	8	5,176	4,778
Trade creditors		448,893	1,019,166
Amounts owed to group undertakings		42,059	106,000
Taxation and social security		10,703	7,345
Accruals and deferred income		55,820	68,942
		1,440,286	2,042,079

The bank overdraft is secured by a floating charge over the assets and undertakings of all the Alexander Harley Seeds Limited group companies.

The company has provided a cross guarantee in respect of the bank borrowings of all the group companies (see detail in contingent liability note 10).

The hire purchase is secured over the assets for which it was provided.

7 Creditors: amounts falling due after more than one year

		2020	2019
	Notes	£	£
Obligations under finance leases	8	13,021	17,798

8 Finance lease obligations

	2020	2019
Future minimum lease payments due under finance leases:	£	£
Within one year	5,176	4,778
In two to five years	13,021	17,798
	18,197	22,576

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Alan Taylor.

9 Audit report information **(Continued)**

The auditor was Azets Audit Services.

10 Financial commitments, guarantees and contingent liabilities

A contingent liability arises in respect of the group overdraft facility for which a cross guarantee is in place between all of the Alexander Harley Seeds Limited group companies without limit, supported by standard securities over the group's properties at East Carngour and Scooniehill in St Andrews, Blairfield in Milnathort and Easter Balgedie Farm in Kinross. The group overdrafts at 31 May 2020 amounted to £4,491,912 (2019 - £5,656,001).

11 Parent company

The ultimate parent undertaking is Alexander Harley Seeds Limited, registered office Thomanean, Milnathort, Kinross KY13 0RF.

The ultimate controlling party is D J Harley.