

**Landcatch Natural Selection  
Limited**

Financial Statements

Year Ended

31 December 2019

Company Number SC214851



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# Landcatch Natural Selection Limited

## Company Information

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**Directors** Hendrix Genetics B.V.  
N J Manchester  
D Danson  
J W P Van Den Berg

**Registered number** SC214851

**Registered office** Ormsary Fish Farm  
Ormsary  
Lochgilphead  
Argyll  
PA31 8PE

**Independent auditor** BDO LLP  
4 Atlantic Quay  
70 York Street  
Glasgow  
G2 8JX

**Bankers** Royal Bank of Scotland  
122 Cathcart Street  
Greenock  
PA15 1BA

**Solicitors** Murray Snell  
40 North Castle Street  
Edinburgh  
EH2 3BN

# Landcatch Natural Selection Limited

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# Landcatch Natural Selection Limited

Registered number: SC214851

## Balance Sheet As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	6		1,336,603		1,270,306
<b>Current assets</b>					
Stocks	7	605,804		895,661	
Debtors: amounts falling due within one year	8	1,606,131		1,290,265	
Cash at bank and in hand		3,411,398		1,836,256	
		<u>5,623,333</u>		<u>4,022,182</u>	
Creditors: amounts falling due within one year	9	(1,902,423)		(1,880,299)	
<b>Net current assets</b>			<u>3,720,910</u>		<u>2,141,883</u>
<b>Net assets</b>			<u><u>5,057,513</u></u>		<u><u>3,412,189</u></u>
<b>Capital and reserves</b>					
Called up share capital	13	1,985,367		1,985,367	
Profit and loss account		3,072,146		1,426,822	
<b>Total equity</b>			<u><u>5,057,513</u></u>		<u><u>3,412,189</u></u>

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

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

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 July 2020.



J W P Van Den Berg  
Director

The notes on pages 2 to 14 form part of these financial statements.

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 1. General information

Landcatch Natural Selection Limited is a private company limited by shares and incorporated in Scotland under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity are set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.2 Going concern

The company has considered the implications of COVID-19 through the 'lenses' of operational capability, market-based demand and structural finance.

To date, the company has remained operational with staff working in adherence to sanitising and social distancing guidelines. There are regular senior management team calls to discuss the potential impact of COVID-19, ensure that work can continue to be performed safely by our staff and consider the welfare of the fish. The company is compliant with all Government guidelines. Staff are considered key workers. The directors have contingency plans in place should an outbreak occur in one of the facilities.

Market-based demand for the company's products has been strong over the pandemic period and this is expected to continue. The company has a long-term supply agreement in place with a customer in addition to sales with other customers, genetic services and broodstock services. It is not clear how the global economy will respond to the COVID-19 outbreak but some form of recession is expected therefore we have considered this uncertainty in our stress testing below. The company has not needed to make use of any government support schemes such as furlough.

The company has significant cash at 30 June 2020 and has a significant overdraft facility available if required via a group banking arrangement. The company therefore has significant headroom at the end of June 2020 and is not subject to covenants. The company has completed stress testing to assess the impact on COVID-19 on the company's liquidity and ability to continue as a going concern. A reverse stress test is not deemed appropriate due to the long-term supply agreement in place. The company removed all sales other than those under the long-term supply agreement. The stress test shows the company can continue to operate for at least the next 12 months with significant sales reductions after taking mitigating actions. Management deem the assumptions of the stress test scenario as unrealistic however note that the ability of the company to remain liquid after mitigating actions demonstrates the company's strength. Management has considered a range of more realistic scenarios which again do not show an issue with liquidity. There is of course a credit risk associated with the company's debtor book including the long-term supply agreement but the directors have assessed that their customers are also in good financial health.

Based on the above, the directors are confident that the actions and strategies in place, results in the company being able to mitigate business threats as they arise. The directors consider that the COVID-19 unknowns do not at present represent material uncertainty to the company's ability to continue as a going concern.

The directors have assessed, based on current projections, that the company has adequate resources to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements.

As detailed above, the directors have also completed a thorough assessment of the impact of Covid-19, including scenario forecasting and stress testing. The directors have assessed that the actions and strategies available to them to mitigate business threats under stress testing and under other scenarios reviewed, the forecasts demonstrated that the company could operate within its available funding arrangements. Therefore, as there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, the directors have concluded this does not represent a material uncertainty with regards to going concern.

Thus the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### Providing genetic services

Revenue from when Landcatch Natural Selection Limited act as an agent for genetic services contracts is recognised based on commission on the invoice value following delivery of the service.

#### 2.4 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.5 Foreign currency translation

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of income and retained earnings within 'other operating income'.

#### 2.6 Interest income

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

#### 2.7 Finance costs

Finance costs are charged to the statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.8 Pensions

Contributions to the company's defined contribution pension scheme are charged to the statement of income and retained earnings in the year in which they become payable.

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2.10 Stocks

Stocks are valued at the lower of cost and net realisable value as follows:

Cost is actual purchase cost, feeding costs, attributable labour and production overheads, based on a normal activity level less an allowance for mortalities during the growth cycle. Net realisable value is based on estimated selling prices less estimated selling costs.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Buildings	- 4% - 10%
Plant and machinery	- 6% - 25%
Motor vehicles	- 25%
Office equipment	- 10% - 20%
Computer equipment	- 50%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income and retained earnings.

#### 2.12 Impairment of fixed assets

Assets that are subject to depreciation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.15 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other trade debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of income and retained earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors have made the following judgements:

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

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

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

### 4. Employees

The average monthly number of employees, including directors, during the year was 29 (2018 - 27).

### 5. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	81,339	75,581
Company contributions to defined contribution pension schemes	4,760	5,214
	<u>86,099</u>	<u>80,795</u>

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 6. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 January 2019	406,839	6,162,555	95,954	81,712	6,747,060
Additions	-	260,486	-	-	260,486
Disposals	-	(186,006)	-	-	(186,006)
At 31 December 2019	406,839	6,237,035	95,954	81,712	6,821,540
<b>Depreciation</b>					
At 1 January 2019	311,065	5,029,076	54,901	81,712	5,476,754
Charge for the year	20,170	165,765	8,254	-	194,189
Disposals	-	(186,006)	-	-	(186,006)
At 31 December 2019	331,235	5,008,835	63,155	81,712	5,484,937
<b>Net book value</b>					
At 31 December 2019	75,604	1,228,200	32,799	-	1,336,603
At 31 December 2018	95,774	1,133,479	41,053	-	1,270,306

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 7. Stocks

	2019 £	2018 £
Live stocks	495,181	803,490
Sundry stocks	110,623	92,171
	<u>605,804</u>	<u>895,661</u>

Stock recognised in cost of sales during the year as an expense was £3,111,275 (2018 - £4,105,460).

### 8. Debtors

	2019 £	2018 £
Trade debtors	814,276	492,897
Amounts owed by group undertakings	202,288	100,073
Other debtors	447,053	453,060
Deferred taxation	142,514	244,235
	<u>1,606,131</u>	<u>1,290,265</u>

### 9. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	692,216	840,646
Amounts owed to group undertakings	550,665	408,030
Other taxation and social security	23,736	19,232
Other creditors	121,636	82,997
Accruals and deferred income	514,170	529,394
	<u>1,902,423</u>	<u>1,880,299</u>

### 10. Deferred grant income

	2019 £	2018 £
At 1 January 2019	-	10,529
Released in the year	-	(10,529)
	<u>-</u>	<u>-</u>
At 31 December 2019	-	-

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 11. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £36,893 (2018 - £60,507). Contributions amounting to £7,217 (2018 - £5,502) were payable to the fund and are included in creditors.

### 12. Deferred taxation

	2019 £
At beginning of year	244,235
Charged to profit or loss	(101,721)
<b>At end of year</b>	<b>142,514</b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Tax losses carried forward	142,514	244,235
	<u>142,514</u>	<u>244,235</u>

### 13. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,985,367 Class A shares of £1 each	<u>1,985,367</u>	<u>1,985,367</u>

# Landcatch Natural Selection Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 14. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
<b>Property</b>		
Not later than 1 year	237,188	227,636
Later than 1 year and not later than 5 years	948,752	910,544
Later than 5 years	1,705,054	2,043,872
	<u>2,890,994</u>	<u>3,182,052</u>
	2019 £	2018 £
<b>Utilities</b>		
Not later than 1 year	527,652	509,508
Later than 1 year and not later than 5 years	2,110,608	2,038,032
Later than 5 years	3,429,738	3,821,310
	<u>6,067,998</u>	<u>6,368,850</u>

### 15. Related party transactions

The company is a wholly owned subsidiary within the Hendrix Genetics B.V. group and has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with any wholly owned group companies.

Remuneration paid to key management personnel for the year ended 31 December 2019 was £90,324 (2018 - £84,724).

### 16. Post balance sheet events

The outbreak of COVID-19 in early 2020 has affected business and economic activity around the world. The company considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Details of the potential impacts on the company are detailed in the Directors' Report.

### 17. Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Joice and Hill Poultry Limited which is incorporated in the UK.

The largest group in which the results of the company are consolidated is that headed by Hendrix Genetics B.V., incorporated in the Netherlands. The consolidated accounts are available to the public and may be obtained from the parent company headquarters.

The ultimate controlling party is Thijs Hendrix Beheer B.V.

# **Landcatch Natural Selection Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **18. Auditor's information**

The auditor's report on the financial statements for the year ended 31 December 2019 was unqualified. The audit report was signed on 28 July 2020 by Mark McCluskey (Senior Statutory Auditor) on behalf of BDO LLP.