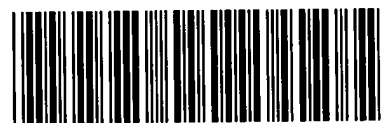


Registered Number SC510252

Pitreadie Farm Limited

Unaudited Financial Statements
For the period ended 30 June 2020

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Pitreadie Farm Limited
Company information and Contents

Directors	L Cross	(resigned 20 January 2020)
	K M Smith	(resigned 20 January 2020)
	R A Stroulger	(appointed 20 January 2020)
	T P Cross	(appointed 20 January 2020)

Company number SC510252

Registered office 4 Queen's Terrace
Aberdeen
Scotland
AB10 1XL

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Pitreadie Farm Limited
Statement of Financial Position
As at 30 June 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Property, plant and equipment	4	7,736	7,697
Total non-current assets		7,736	7,697
Current assets			
Trade and other receivables	6	63	163
Inventory	5	131	365
Cash and cash equivalents	7	424	7
Total current assets		618	535
Total assets		8,354	8,232
Current liabilities			
Trade and other payables	8	(938)	(377)
Total current liabilities		(938)	(377)
Non-current liabilities			
Trade and other payables	9	(734)	(5,040)
Bank loans	10	(3,600)	(3,600)
Total non-current liabilities		(4,334)	(8,640)
Total liabilities		(5,272)	(9,017)
Net assets / (liabilities)		3,082	(785)
Equity			
Called up share capital	11	4,306	-
Retained earnings		(1,224)	(785)
Shareholders' Equity		3,082	(785)

The directors of the company have elected not to include a copy of the profit and loss account with the financial statements. For the financial period ended 30 June 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared 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 23 April 2021 and are signed on its behalf by:



Ryan Stroulger
Director

Registered Number SC510252

Pitreadie Farm Limited

Notes to the Financial Statements

For the period ended 30 June 2020

1. Corporate information

The financial statements of the Company for the period ended 30 June 2020 were authorised for issue by the Board of Directors on 23 April 2021 and the Statement of Financial Position was signed on the Board's behalf by R A Stroulger. The Company is a private limited company incorporated in Scotland. The registered office is located at 4 Queen's Terrace, Aberdeen, Scotland, AB10 1XL.

2. Accounting policies

Basis of preparation of the financial statements

The financial information presented in this statement has been prepared in accordance with United Kingdom Accounting standards FRS 101 and the Companies Act 2006 applicable to companies using FRS 101.

The Company previously prepared the financial statements in accordance with United Kingdom Accounting Standards – FRS 102 and has changed to FRS 101 in 2020 following the acquisition of the Company by The Parkmead Group Plc, in order to align with the group's financial statement preparation. The adjustments required to the reported balances for conversion can be seen in note 15.

FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs").

The Company is a qualifying entity for the purposes of FRS 101. Note 13 gives details of the Company's ultimate parent and from where the consolidated financial statements prepared in accordance with IFRS (as adopted by the EU) may be obtained.

The date of Company transition to FRS 101 was 1 August 2019.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) Paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements';
 - (ii) Paragraph 73(e) of IAS 16 'Property, plant and equipment';
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 10(f) (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
- 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a Group.

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain fair value adjustments required by those accounting policies.

Pitreadie Farm Limited

Notes to the Financial Statements

For the period ended 30 June 2020

2. Accounting policies (continued)

Going concern

Despite ongoing restrictions implemented by the United Kingdom Government in response to the COVID-19 pandemic, the Company had net assets of £3,082,000 of which £424,000 was held in cash and cash equivalents at 30 June 2020. The Directors, after making appropriate enquiries have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Revenue recognition

Revenue comprises livestock sales. Revenue from contracts with customers is recognised when contract performance obligations are met.

Taxation

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

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the profit or loss statement because it excludes items of income or expense that are taxable or deductible in other periods 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 period end date.

Pensions

The Company offers to contribute 3% of employees' gross salary into pension plans. The cost of providing pension contributions for employees is charged to the statement of comprehensive income as accrued.

Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less depreciation and any provision for impairment.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset into its working condition. Depreciation is provided on all tangible fixed assets on a straight-line basis to write each asset down to its estimated residual value over its expected useful life, as follows:

Land	No depreciation charged
Buildings	Between 2% - 5% straight line
Plant and equipment	3 – 5 years
Right of Use Assets	Over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each period end date.

Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade receivables

Trade receivables are initially stated at their transaction price determined in accordance with IFRS 15 and adjusted for any provisions for impairment. Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of expected loss to occur from default to determine the lifetime expected credit losses. Movements in the provision for expected trade losses are recorded in the statement of comprehensive income in administrative expenses.

Pitreadie Farm Limited

Notes to the Financial Statements

For the period ended 30 June 2020

2. Accounting policies (continued)

Trade payables

Trade payables are initially recognised at cost and subsequently at amortised cost.

Leases

IFRS 16 Leases set out the principles for the recognition, measurement, presentation and disclosure of leases for both lessors and lessees. It replaced the previous leases standard IAS 17 Leases and is effective from 1 January 2019. Under the new standard all lease contracts, with limited exceptions, are recognised in financial statements by way of right of use assets and corresponding lease liabilities. Compared with the previous accounting for operating leases, it impacts the classification and timing of expenses and consequently the classification between cash flow from operating activities and cash flow from financing activities. IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. Lessees recognise separately the interest expense on the lease liability and the depreciation expense on the right-of-use asset. There were recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the previous accounting under IAS 17 i.e. lessors continue to classify leases as finance or operating leases. There are no other new or amended standards or interpretations effective for the first time for periods beginning on or after 1 January 2019 that had a significant impact on the financial statements. In applying IFRS 16 for the first time the Company has applied the short-term lease practical expedient by not recognising lease liabilities in respect to lease arrangements with a remaining lease term of less than 12 months as at 1 August 2019. The Company has applied the same discount rate to leases with reasonably similar characteristics. The Company has not applied IFRS 16 to contracts that were not previously identified as containing a lease. The Company adopted the modified retrospective approach to adoption on 1 August 2019, measuring right-of use assets at an amount based on their respective lease liability on adoption, with the cumulative effect of adopting the standard recognised at the date of initial application without restatement of comparative information. As a lessee, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease, or, if that rate cannot be readily determined, the Company uses its incremental borrowing rate which is 8%.

The lease liability is subsequently recorded at amortised cost, using the effective interest rate method. The liability is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right of-use asset has been reduced to zero. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The Company does not currently act as a lessor.

The Company recognised a right of use asset on 1 August 2019 of £319,000, with a corresponding right of use lease liability of £319,000, further details are set out in Note 4 and Note 12.

Share capital

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

Pitreadie Farm Limited

Notes to the Financial Statements

For the period ended 30 June 2020

2. Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the period end date. Employer's national insurance in the UK is payable on the exercise of certain share options or when benefits in kind are provided to employees. For share options, provision of national insurance is calculated on the expected gain on the share options at the period end date. For other benefits in kind, provision is made when it is probable that a liability will arise.

Biological assets

Biological assets are recognised only when three recognition criteria have been fulfilled:

- the entity has control over the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

The company measures biological assets at cost less accumulated depreciation and accumulated impairment losses.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The resulting accounting estimates may not equate with the actual results which will only be known in time. Significant accounting judgments and accounting estimates used by the Company are discussed in more detail in the following accounting policies:

3. Staff costs

The average monthly number of persons (including directors) employed by the company during the year was 3 (2019 - 5).

None of the Directors received any fees or remuneration for services as Directors of the Company during the financial year. Emoluments are paid to T P Cross and R A Stroulger by other group companies and are disclosed within their financial statements. The directors do not believe it to be practical to apportion this amount between their services of this Company and their services of other Group Companies.

Pitreadie Farm Limited
Notes to the Financial Statements
For the period ended 30 June 2020

4. Property, plant and equipment

	Freehold land and buildings	Plant and equipment	Plant and equipment ROU	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 July 2019	6,830	1,045	-	7,875
Additions	458	3	319	780
Disposal	-	(39)	-	(39)
Finance leases reclassified	-	(567)	-	(557)
At 30 June 2020	7,288	442	319	8,059
Depreciation and impairment				
At 31 July 2019	31	147	-	178
Disposal	-	(9)	-	(9)
Finance leases reclassified	-	(64)	-	(64)
Depreciation charged in the year	34	46	128	208
At 30 June 2020	65	120	128	313
Net book value				
At 30 June 2020	7,223	322	191	7,736
At 31 July 2019	6,799	898	-	7,697

Right of Use Asset

The incremental borrowing rate applied to the leases is 8%.

5. Inventory

	2020	2019
	£'000	£'000
Inventory	131	365

6. Trade and other receivables

	2020	2019
	£'000	£'000
Trade receivables	23	99
Other receivables	12	27
Prepayments and accrued income	28	37
	<u>63</u>	<u>163</u>

7. Cash and cash equivalents

	2020	2019
	£'000	£'000
Unrestricted cash in bank accounts	74	7
Restricted cash	350	-
	<u>424</u>	<u>7</u>

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating.

Pitreadie Farm Limited

Notes to the Financial Statements

For the period ended 30 June 2020

8. Trade and other payables current

	2020 £'000	2019 £'000
Obligations under finance leases	-	124
Trade payables	29	170
Taxation and social security	-	1
Leases	92	-
Other payables	-	24
Amounts owed to group companies	813	-
Accruals and deferred income	4	58
	<u>938</u>	<u>377</u>

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. No interest is charged on the outstanding balance. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

9. Trade and other payables non-current

	2020 £'000	2019 £'000
Obligations under finance leases	-	151
Leases	110	-
Director's loans	-	4,268
Accruals and deferred income	624	621
	<u>734</u>	<u>5,040</u>

Director's loans are long term loans to a former director.

10. Bank loans

	2020 £'000	2019 £'000
Bank loans	3,600	3,600

The long-term loans are secured by a Floating Charge over the property of Pitreadie Farm Limited; a standard security over land at Pitreadie Farm, Banchory; a standard security over the land at Tippet Farm. The funds held in restricted cash in note 7 are to cover the interest on the loan.

Borrowings take the form of 2 Bank of Scotland loans of £1.8m. These are interest only loans which will mature in 2023.

11. Share capital and reserves

	2020 £'000	2019 £'000
Share capital	4,306	-
	2020	2019
Ordinary shares of £1 each	-	100
Ordinary shares of £0.01 each	600,000	-
Ordinary shares class B of £1 each	4,300,000	-

During the period the Ordinary shares of £1 each were subdivided into Ordinary shares of £0.01 each.

Pitreadie Farm Limited

Notes to the Financial Statements

For the period ended 30 June 2020

12. Lease Liabilities

The Company has entered into a commercial lease. The non-cancellable lease have remaining terms of between one and five periods. All leases include a clause to enable upward revision of lease charges according to prevailing market conditions. The Company recognised a right of use asset on 1 August 2019 of £319,000, with a corresponding right of use lease liability of £319,000. The incremental borrowing rate applied to the lease is 8%.

Discounted maturity analysis of IFRS 16 Leases:

	2020 £'000	2019 £'000
Within one period	92	-
Within two to five periods	110	-
More than five periods	-	-
	202	-

Nominal maturity analysis of leases under IAS 17 Leases:

	2020 £'000	2019 £'000
Within one period	-	124
Within two to five periods	-	151
More than five periods	-	-
	-	275

13. Ultimate controlling party and related party transactions

The ultimate parent company is The Parkmead Group plc, a company registered in England and Wales in the UK. These financial results of the Company are included within the consolidated accounts of The Parkmead Group plc. The accounts can be obtained from Companies House, Crown Way, Cardiff, CF143UZ.

14. Post balance sheet events

The Company has completed two successful sales of two separate areas of non-core land from its UK portfolio for an aggregate consideration of £4.0 million and repaid £3.1 million of the bank loan. In addition amounts owed to group companies has been fully settled at the time of the approval of these financial statements.

Pitreadie Farm Limited

Notes to the Financial Statements

For the period ended 30 June 2020

15. Change to FRS 101

The Company previously prepared the financial statements in accordance with United Kingdom Accounting Standards FRS 102 and has changed to FRS 101 in 2020 following the acquisition of the Company by The Parkmead Group Plc, in order to align with the Parkmead Group's financial statement preparation.

	Reported 2019 £'000	Change in policy 2019 £'001	Restated 2019 £'000
Non-current assets			
Intangible assets	59	(59)	-
Property, plant and equipment	7,998	(301)	7,697
Total non-current assets	8,057	(360)	7,697
Current assets			
Trade and other receivables	163	-	163
Inventory	365	-	365
Cash and cash equivalents	7	-	7
Total current assets	535	-	535
Total assets	8,592	(360)	8,232
Current liabilities			
Trade and other payables	(377)	-	(377)
Total current liabilities	(377)	-	(377)
Non-current liabilities			
Trade and other payables	(5,040)	-	(5,040)
Loans	(3,600)	-	(3,600)
Total non-current liabilities	(8,640)	-	(8,640)
Total liabilities	(9,017)		(9,017)
Net assets / (liabilities)	(425)	(360)	(785)
Equity			
Called up share capital	-	-	-
Retained earnings	(425)	(360)	(785)
Shareholders' Equity	(425)	(360)	(785)