

Registered number: 04087186

LOHMANN GB LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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LOHMANN GB LIMITED

COMPANY INFORMATION

Directors D S Scott
J Audefray (appointed 1 July 2016)
J Adams (appointed 1 July 2016)

Company secretary J Adams

Registered number 04087186

Registered office Suite 1B
Shire Business Park
Wainwright Road
Worcester
Worcestershire
WR4 9FA

Trading Address Suite 1B
Shire Business Park
Wainwright Road
Worcester
Worcestershire
WR4 9FA

Independent auditor Crowe Clark Whitehill LLP
Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ

LOHMANN GB LIMITED

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LOHMANN GB LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2017

The principal activity of the company during the year was that of production and marketing of poultry livestock.

Business review

The Company has again continued to grow Lohmann day-old sales in the financial year 2016-17. The company purchased an additional farm during the year, to expand our own base, which will be utilised for activities in our broiler breeder sector. As with our other farms this is a modern facility working to very high biosecurity standards.

The other farming enterprises of the company continue to expand and gives a stable and diversified platform for future development.

As ever, the principal financial risks to the company are exchange rates, volatility of feed prices and labour costs. Physical risks include disease outbreaks, particularly any events of Avian Influenza within the UK which can have a significant impact on export opportunities.

Future Developments

The company will continue to investigate opportunities for development in areas which are relevant to the core activities.

Key performance indicators for the Company consist of chick quality, customer satisfaction. Turnover increased slightly by 1.5% to £17,367,936 and gross profit has increased by 2.9% to £3,400,274.

Financial risk management objectives and policies

Price risk, credit risk, liquidity risk and cash flow risk

The business' activities expose it primarily to the financial risks of changes in foreign currency exchange rates, feed prices and market conditions.

The business' principal financial instruments comprise bank balances, bank loans, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of the money market facilities where the funds are available.

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

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

Loans comprise loans from financial institutions. The interest rates and monthly repayments are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet payments.

This report was approved by the board on 4 October 2017 and signed on its behalf.


D S Scott
Director

LOHMANN GB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,635,606 (2016 - £1,491,303).

Particulars of dividends paid are detailed in note 11 to the financial statements.

Directors

The directors who served during the year were:

D S Scott
J Audefray (appointed 1 July 2016)
J Adams (appointed 1 July 2016)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

LOHMANN GB LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017**

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

During the year RSM UIK Audit LLP resigned and Crowe Clark Whitehill LLP were appointed in their place. The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 4 October 2017 and signed on its behalf.



D S Scott
Director

LOHMANN GB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LOHMANN GB LIMITED

Opinion

We have audited the financial statements of Lohmann GB Limited for the year ended 30 June 2017 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

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

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

Other information

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

LOHMANN GB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LOHMANN GB LIMITED (CONTINUED)

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

We have nothing to report in this regard.

Opinion 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 the 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 and the 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 on page 2, 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.

LOHMANN GB LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LOHMANN GB LIMITED
(CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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



Chris Mould (Senior statutory auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Carrick House
Lypiatt Road
Cheltenham
GL50 2QJ

6 October 2017

LOHMANN GB LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 £	2016 £
Sales	4	17,367,936	17,115,222
Cost of sales		(13,967,662)	(13,810,662)
Gross profit		3,400,274	3,304,560
Administrative expenses		(1,354,284)	(1,414,530)
Other operating income		14,090	12,390
Operating profit	5	2,060,080	1,902,420
Interest receivable	8	517	1,894
Interest payable and similar charges	9	(1,901)	(4,004)
Profit before tax		2,058,696	1,900,310
Tax on profit	10	(423,090)	(409,007)
Profit for the financial year		1,635,606	1,491,303
Other comprehensive income for the year			
Deferred tax on revaluation	21	11,387	15,837
Total comprehensive income for the year		1,646,993	1,507,140

LOHMANN GB LIMITED
REGISTERED NUMBER: 04087186

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	3,210,916	2,338,260
Investments		90,000	90,000
		<u>3,300,916</u>	<u>2,428,260</u>
Current assets			
Stocks	14	2,937,395	2,336,329
Debtors: amounts falling due within one year	15	3,103,997	3,488,995
Cash at bank and in hand	16	1,224,613	1,435,117
		<u>7,266,005</u>	<u>7,260,441</u>
Creditors: amounts falling due within one year	17	(3,283,731)	(3,243,968)
Net current assets		<u>3,982,274</u>	<u>4,016,473</u>
Total assets less current liabilities		<u>7,283,190</u>	<u>6,444,733</u>
Creditors: amounts falling due after more than one year	18	-	(50,648)
Provisions for liabilities			
Deferred tax	21	(93,322)	(105,558)
		<u>(93,322)</u>	<u>(105,558)</u>
Net assets		<u><u>7,189,868</u></u>	<u><u>6,288,527</u></u>
Capital and reserves			
Called up share capital	23	1,207,000	1,207,000
Revaluation reserve	24	549,514	538,127
Profit and loss account	24	5,433,354	4,543,400
		<u>7,189,868</u>	<u>6,288,527</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 October 2017.



D S Scott
Director

The notes on pages 11 to 28 form part of these financial statements.

LOHMANN GB LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2016	1,207,000	538,127	4,543,400	6,288,527
Comprehensive income for the year				
Profit for the year	-	-	1,635,606	1,635,606
Surplus on revaluation of other fixed assets	-	11,387	-	11,387
Total comprehensive income for the year	-	11,387	1,635,606	1,646,993
Dividends	-	-	(745,652)	(745,652)
Total transactions with owners	-	-	(745,652)	(745,652)
At 30 June 2017	1,207,000	549,514	5,433,354	7,189,868

LOHMANN GB LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2015	1,207,000	522,290	3,688,751	5,418,041
Comprehensive income for the year				
Profit for the year	-	-	1,491,303	1,491,303
Surplus on revaluation of other fixed assets	-	15,837	-	15,837
Total comprehensive income for the year	-	15,837	1,491,303	1,507,140
Dividends	-	-	(636,654)	(636,654)
Total transactions with owners	-	-	(636,654)	(636,654)
At 30 June 2016	1,207,000	538,127	4,543,400	6,288,527

The notes on pages 11 to 28 form part of these financial statements.

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. General information

Lohmann GB Limited ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Suite 1B, Shire Business Park, Wainwright Road, Worcester, Worcestershire, WR4 9FA.

The Company's principal activity is set out in the Strategic report.

2. Accounting policies

2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with 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 FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of EW Group GmbH as at 30 June 2017 and these financial statements may be obtained from their registered office, Hogenbogen 1, 49429 Visbek, Germany.

2.3 Going Concern

The company continues to be profitable and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.5 Turnover

Turnover represents the fair value, net of value added tax, of goods supplied to customers during the year. Turnover is recognised upon despatch of goods to the customer.

2.6 Other Income

Rental Income on assets leased under operating leases is recognised on a straight-line basis over the lease term and is presented within other operating income.

2.7 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows:

Freehold property	- 2- 10% straight line
Plant and machinery	- 20% reducing balance
Motor vehicles	- 20% straight line
Fixtures and fittings	- 25% straight line
Office equipment	- 20% - 33% straight line
Freehold Land	- Not Depreciated

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 comprehensive income.

2.8 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.10 Stocks and work in progress

Stock comprises livestock, hatching eggs and other stock.

Livestock comprises breeding birds, which are valued at cost until the commencement of the laying period. From this point the cost is released over their productive laying lives. Cost comprises feed costs and direct production overheads.

Hatching eggs and other stock are valued at the lower of cost and net realisable value. Net realisable value is based on the estimated selling price less any further costs expected to be incurred to disposal.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 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.

2.13 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 accounts receivable and payable, 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.

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 comprehensive income.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.14 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 a prevailing rate of interest.

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

2.16 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.18 Operating leases: the Company as lessee

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

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.19 Pensions

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 comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 reporting 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 Statement of financial position 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 reporting date.

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Assumptions made in respect of the appreciation and depreciation periods for day old chicks, in line with group policy.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Sale of goods	17,382,026	17,127,612
	<u>17,382,026</u>	<u>17,127,612</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	15,003,654	15,478,355
Rest of Europe	2,378,372	1,649,257
	<u>17,382,026</u>	<u>17,127,612</u>

Other operating income

	2017 £	2016 £
Other operating income	14,090	12,390
	<u>14,090</u>	<u>12,390</u>

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	229,778	231,411
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	9,000	10,600
Other operating lease rentals	206,732	253,441
Loss on foreign currency translation	7,841	40,216
	<u>242,351</u>	<u>335,668</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	1,662,291	1,723,028
Social security costs	161,468	157,077
Other pension costs	56,089	56,020
	<u>1,879,848</u>	<u>1,936,125</u>

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

	2017 No.	2016 No.
Production	33	40
Administration	34	37
	<u>67</u>	<u>77</u>

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	191,370	107,155
Company contributions to defined contribution pension schemes	4,573	-
	<u>195,943</u>	<u>107,155</u>

During the year retirement benefits were accruing to one director (2016 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £99,000 (2016 - £98,250).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,573 (2016 - £NIL).

8. Interest receivable

	2017 £	2016 £
Other interest receivable	517	1,894
	<u>517</u>	<u>1,894</u>

9. Interest payable and similar charges

	2017 £	2016 £
Interest payable on bank loan	1,901	4,004
	<u>1,901</u>	<u>4,004</u>

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	423,939	402,409
Adjustments in respect of previous periods	-	11,331
	<u>423,939</u>	<u>413,740</u>
Total current tax	<u>423,939</u>	<u>413,740</u>
Deferred tax		
Origination and reversal of timing differences	(849)	(4,733)
Total deferred tax	<u>(849)</u>	<u>(4,733)</u>
Taxation on profit on ordinary activities	<u>423,090</u>	<u>409,007</u>

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.75% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>2,058,696</u>	<u>1,900,310</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 - 20%)	406,592	380,062
Effects of:		
Fixed asset differences	11,991	12,906
Expenses not deductible for tax purposes	4,507	4,708
Adjustments to tax charge in respect of prior periods	-	11,331
Total tax charge for the year	<u>423,090</u>	<u>409,007</u>

Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19.75% (2016: 20.25%). A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. A further reduction to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 June 2017 has been calculated based on these rates.

11. Dividends

Equity dividends paid during the year were as follows:

	2017 £	2016 £
Ordinary dividends	<u>745,652</u>	<u>636,654</u>

The dividend equates to 62.14p (2016: 52.75p) per share and is payable on Class A and Class B shares.

LOHMANN GB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 July 2016	1,440,600	1,979,643	92,289	108,759	58,667	3,679,958
Additions	800,026	297,232	-	3,986	6,700	1,107,944
Disposals	-	(20,766)	(7,984)	(197)	(139)	(29,086)
At 30 June 2017	2,240,626	2,256,109	84,305	112,548	65,228	4,758,816
Depreciation						
At 1 July 2016	119,406	1,035,731	61,455	78,296	46,810	1,341,698
Charge for the year on owned assets	55,643	144,003	13,884	11,630	4,618	229,778
Disposals	-	(15,255)	(7,984)	(198)	(139)	(23,576)
At 30 June 2017	175,049	1,164,479	67,355	89,728	51,289	1,547,900
Net book value						
At 30 June 2017	2,065,577	1,091,630	16,950	22,820	13,939	3,210,916
At 30 June 2016	1,321,194	943,912	30,834	30,463	11,857	2,338,260

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Freehold	2,065,577	1,321,194
	<u>2,065,577</u>	<u>1,321,194</u>

The land value, included within Freehold above, had a net book value of £336,000 (2016: £182,000) at the year end.

The freehold land and buildings are included at deemed cost. The valuation is based on an independent professional valuation performed on 30 June 2013. The valuation determined the market value of the property based on open market value on the basis of vacant possession.

LOHMANN GB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

13. Investments

At 30 June 2017, the company owned 90% of the ordinary share capital of H&N (GB) Limited. This investment was acquired for a cost of £90,000 on incorporation of H&N (GB) Limited on 17 September 2014. The principal activity of this company is providing day old chicks.

14. Stocks

	2017 £	2016 £
Raw materials and consumables	492,768	447,618
Work in progress	1,322,356	737,509
Finished goods	1,122,271	1,151,202
	<u>2,937,395</u>	<u>2,336,329</u>

Stock recognised in cost of sales during the year as an expense was £3,735,209 (2016 - £3,818,835).

15. Debtors

	2017 £	2016 £
Trade debtors	2,337,653	2,756,110
Amounts owed by group undertakings	183,418	183,155
Other debtors	130,048	95,423
Prepayments and accrued income	452,878	454,307
	<u>3,103,997</u>	<u>3,488,995</u>

16. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,224,613	1,435,117
	<u>1,224,613</u>	<u>1,435,117</u>

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	50,406	85,242
Trade creditors	1,481,262	1,348,635
Amounts owed to group undertakings	1,289,695	1,350,218
Corporation tax	243,937	247,422
Other taxation and social security	49,213	42,469
Accruals and deferred income	169,218	169,982
	<u>3,283,731</u>	<u>3,243,968</u>

18. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	-	50,648
	<u>-</u>	<u>50,648</u>

Secured loans

Bank borrowings are secured by first legal charges over freehold land and buildings. Interest is charged on the basis of 1.99% and payable by January 2018.

There is also a debenture including a fixed charge on all freehold and leasehold properties.

All facilities are due for review in April 2018.

LOHMANN GB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

19. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	50,406	85,242
	<u>50,406</u>	<u>85,242</u>
Amounts falling due 1-2 years		
Bank loans	-	50,648
	<u>-</u>	<u>50,648</u>
	<u>50,406</u>	<u>135,890</u>

20. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at amortised cost	3,745,684	4,374,382
	<u>3,745,684</u>	<u>4,374,382</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(2,990,581)	(3,004,725)
	<u>(2,990,581)</u>	<u>(3,004,725)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash in hand, trade debtors and intercompany debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors, accruals, and bank financing.

LOHMANN GB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

21. Deferred taxation

	2017 £	2016 £
At beginning of year	(105,558)	(126,128)
Movement of valuation of land and buildings	11,387	15,837
Profit and loss movement arising during the year	849	4,733
At end of year	(93,322)	(105,558)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(94,857)	(107,970)
Other timing differences	1,535	2,412
	(93,322)	(105,558)

22. Pensions

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £51,516 (2016: £56,020).

23. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
663,850 Ordinary Class A shares of £1 each	663,850	663,850
543,150 Ordinary Class B shares of £1 each	543,150	543,150
	1,207,000	1,207,000

Ordinary Class A shares and Ordinary Class B shares rank pari passu in all respects.

LOHMANN GB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

24. Reserves

Reserves of the company represent the following:

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit and loss.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

25. Commitments under operating leases

At 30 June 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	139,265	181,111
Later than 1 year and not later than 5 years	163,217	246,934
Later than 5 years	80,000	100,000
	<u>382,482</u>	<u>528,045</u>

26. Related party transactions

Dividends paid to directors amounted to £335,543 (2016: £286,494). Dividends paid to European Layer Distribution GmbH amounted to £410,109 (2016: £350,162).

	2017 £	2016 £
Liabilities to Group Undertakings		
Lohmann Tierzucht GmnH	518,265	332,562
Hy-Line UK Limited	-	935,360
Hy-Line International UK	137	-
European Layer Distribution GmbH	3,540	7,370
Ter Heerdt NV	-	1,864
H&N International GmbH	767,753	40,549
H&N GB Limited	-	32,513
	<u>1,289,695</u>	<u>1,350,218</u>

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Related party transactions (continued)

	2017 £	2016 £
Amounts due from Group Undertakings		
Ter Heerdt NV	36,102	376
Lohmann France S.A.S.	-	22,111
Gudendorf	-	(1,612)
Hy-Line UK Limited	8,828	11,840
H&N GB Limited	92,215	150,440
Iberica De Tecnologia Avicola SA	46,273	-
	<u>183,418</u>	<u>183,155</u>
	2017 £	2016 £
Sales to Group Undertakings		
Agromix Opfokbedrijven BV	23,446	22,897
LSL Rhein Main	66,020	38,763
Lohmann France S.A.S.	252,931	81,492
Hy-Line UK Limited	27,517	227,920
Broederij	128,889	61,297
H&N GB Limited	808,039	294,343
ALI	69,845	-
Gudendorf	78,872	-
Iberica De Tecnologia Avicola SA	147,391	-
H&N Peninsular	34,033	-
	<u>1,636,983</u>	<u>726,712</u>

LOHMANN GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Related party transactions (continued)

	2017 £	2016 £
Purchases from Group Undertakings		
Lohmann Tierzucht GmnH	1,103,426	670,845
Hy-Line UK Limited	3,384,750	3,015,466
Ter Heerdt NV	26,738	178,464
H&N International GmbH	87,491	74,900
LSL Rhein	-	5,559
H&N GB Limited	330,042	40,344
Aviagen	-	1,275
Iberica De Tecnologia Avicola SA	-	241
European Layer Distribution GmbH	41,330	27,275
Gudendorf Ankum	-	64,762
Hy-Line International	137	-
	<u>4,973,914</u>	<u>4,079,131</u>

27. Controlling party

The immediate parent undertaking is European Layer Distribution GmbH, a company registered in Germany. The ultimate parent undertaking is EW Group GmbH, a company registered in Germany. Group accounts are prepared by EW Group GmbH and copies can be obtained from Hogenbogen 1, 49429 Visbek, Germany.

The ultimate controlling entity is EW Group GmbH, a company registered in Germany.