

Company Registration No. SC105107 (Scotland)

**BADBEA CROFTERS LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2020**



# BADBEA CROFTERS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	H G Murray G L Murray J Murray A M MacKenzie A A MacKenzie J L Murray Rev. A Murray
<b>Secretary</b>	J L Murray
<b>Company number</b>	SC105107
<b>Registered office</b>	Dornoch Road BONAR BRIDGE Sutherland IV24 3EB
<b>Auditor</b>	Johnston Carmichael LLP Clava House Cradlehall Business Park INVERNESS IV2 5GH

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# **BADBEA CROFTERS LIMITED**

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# **BADBEA CROFTERS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 30 APRIL 2020**

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The directors present the strategic report for the year ended 30 April 2020.

#### **Fair review of the business**

As shown in the group statement of comprehensive income, this has been another successful year for the group with a further increase in the net asset position. Underlying trading has been particularly successful for the transport business and the smolt business has also been able to report a profit despite incurring significant biological problems during the final quarter of the year. The group generated a pre-tax profit of £2,248,806 prior to the loss incurred on foreign exchange contracts connected with the financing of the new-build vessel, Marsali, delivered just prior to the year end.

Marsali, a state of the art wellboat designed specifically for operating in Scottish waters, represented a very significant investment for the group and the Board is very pleased to report a very successful introduction of the vessel and of its operation during the first months of operation. The group has also invested heavily in its other wellboat, Migdale, subsequent to the year end. It has also continued to operate very successfully. The global effects of Covid-19 have had an effect on every industry worldwide and the salmon and trout farming industry is not immune to this, in particular our fish farming clients distribution problems have impacted the demand and hence market prices. Nevertheless our group is pleased with business during the first months of the financial year and is optimistic for another successful outcome for the year.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the group are broadly as follows:

- Business risk: The management of the business and our strategy are, like any business, subject to a number of risks. These include competition from other fish transport operators, fluctuations in fish food costs and the effects on the fish farming industry from external matters including Brexit and Covid-19.
- Liquidity risks: The group maintains a cautious cash management policy and is confident of being in a position to continue servicing its bank loans in line with agreed repayment profiles. Liquidity does not pose a risk to the group.
- Interest rate risk: With the continuing liquidity in the group, there is no reliance on bank borrowing in respect of short-term working capital. The group has subsequent to the year end entered into an interest rate swap with regard to part of its borrowing in order to protect against any unforeseen movements in interest rates. Interest rates therefore are not considered to pose a significant risk to the group.
- Credit risk: The group's policy is to minimize exposure to losses of defaulting customers. A robust credit control policy is operated in order to minimize exposure to customers where there have been incidences of debt ageing or an imperfect collection history.

#### **Key performance indicators**

The group monitors business performance of its different segments, specifically wellboats, road transport and smolt production through monthly reporting of results. We use a variety of KPIs to monitor and drive the performance of the business, in addition to sales (rearing of smolts up 3.8%, transport services down 8.6%), profit and free cash. These include gross profit percentage (smolts down 1.9% of sales and transport up 1.2% of sales), with group cash and cash equivalents increasing from £1.84m to £2.85m as detailed on page 17.

# **BADBEA CROFTERS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

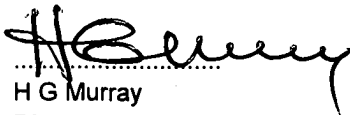
**FOR THE YEAR ENDED 30 APRIL 2020**

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### **Future developments**

As indicated above the directors are pleased with business during the first months of the financial year and of the anticipated outcome for the remainder of the year. In particular the wellboat and road transport businesses have performed well and the group will continue to invest in these businesses where opportunities exist.

On behalf of the board

  
.....  
H G Murray  
Director  
15/12/2020

# BADBEA CROFTERS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 APRIL 2020**

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The directors present their annual report and financial statements for the year ended 30 April 2020.

### Principal activities

The principal activity of the company continued to be that of a holding company. The principal activities of the group are the commercial rearing of smolts and the provision of transport services to the aquaculture industry. There have not been any significant changes in the groups principal activities during the year under review.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

H G Murray  
G L Murray  
J Murray  
A M MacKenzie  
A A MacKenzie  
J L Murray  
Rev. A Murray

### Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £152,000. The directors do not recommend payment of a further dividend.

### Auditor

Johnston Carmichael were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

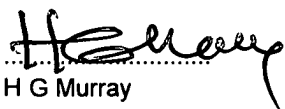
### Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

  
H G Murray

Director

Date: 15/12/2020

# **BADBEA CROFTERS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2020***

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

# **BADBEA CROFTERS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT - GROUP**

### **TO THE MEMBERS OF BADBEA CROFTERS LIMITED**

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#### **Qualified opinion**

We have audited the group financial statements of Badbea Crofters Limited for the year ended 30 April 2020 which comprise the group statement of comprehensive income, the group balance sheet, the group statement of changes in equity, the group statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for qualified opinion**

With respect to the current year opening balances and prior year comparative financial information, the audit evidence available to us was limited because the financial statements of the subsidiary entities at 30 April 2019 were not subject to an audit. We did not observe the physical counting of stock of £76,656 and as such have been unable to satisfy ourselves over the accuracy and completeness of stock quantities by using alternative audit procedures. We have also been unable to determine whether adjustments might have been necessary in respect of the profit reported in the group statement of comprehensive income and the amounts reported in the prior year group balance sheet for biological assets of £531,597, trade debtors of £1,126,995, prepayments and accrued income of £178,580, trade creditors of £827,304 and accruals and deferred income of £114,492.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the group financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 group financial statements is not appropriate; or
- the directors have not disclosed in the group financial statements any identified material uncertainties that may cast significant doubt about the group'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 group financial statements are authorised for issue.



# **BADBEA CROFTERS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT - GROUP(CONTINUED) TO THE MEMBERS OF BADBEA CROFTERS LIMITED**

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### **Other information**

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

In connection with our audit of the group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group 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 group 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the group 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 light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

In respect solely of the limitation on our work relating to opening balances described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group 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 group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

# **BADBEA CROFTERS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT - GROUP(CONTINUED)**

### **TO THE MEMBERS OF BADBEA CROFTERS LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the group 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 group financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the group financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the group financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the group financial statements, including the disclosures, and whether the group financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Other matters which we are required to address**

We have reported separately on the parent company financial statements of Badbea Crofters Limited for the year ended 30 April 2020. The opinion in that report is unqualified.

# **BADBEA CROFTERS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT - GROUP(CONTINUED) TO THE MEMBERS OF BADBEA CROFTERS LIMITED**

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### **Use of our report**

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Johnston Carmichael LLP*

*17 December 2020.*

**Scott Jeffrey (Senior Statutory Auditor)  
for and on behalf of Johnston Carmichael LLP**

**Chartered Accountants  
Statutory Auditor**

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Clava House  
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IV2 5GH

# **BADBEA CROFTERS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT - PARENT COMPANY TO THE MEMBERS OF BADBEA CROFTERS LIMITED**

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### **Opinion**

We have audited the financial statements of Badbea Crofters Limited ('the parent company') for the year ended 30 April 2020 which comprise the statement of comprehensive income, the company balance sheet, the company 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the parent company's affairs as at 30 April 2020;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Other matters**

In the previous accounting period the directors of the parent company took advantage of the audit exemption under Section 477 of the Companies Act 2006. Therefore the prior period parent company financial statements were not audited.

### **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 parent company's financial statements is not appropriate; or
- the directors have not disclosed in the parent company's financial statements any identified material uncertainties that may cast significant doubt about the parent 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 parent company's 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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the parent company's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the parent company's 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.

# **BADBEA CROFTERS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT - PARENT COMPANY (CONTINUED) TO THE MEMBERS OF BADBEA CROFTERS LIMITED**

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### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the parent company's financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has 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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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, the directors are responsible for the preparation of the parent company's 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 parent company's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company's financial statements, the directors are responsible for assessing the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company 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.

# **BADBEA CROFTERS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT - PARENT COMPANY (CONTINUED)**

### **TO THE MEMBERS OF BADBEA CROFTERS LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements (continued)**

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company's financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company's financial statements, including the disclosures, and whether the parent company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the parent company audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Other matters which we are required to address**

We have reported separately on the group financial statements of Badbea Crofters Limited for the year ended 30 April 2020. The opinion in that report is qualified.

#### **Use of our report**

This report is made solely to the parent 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 parent 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 parent company and the parent company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Scott Jeffrey (Senior Statutory Auditor)**  
for and on behalf of Johnston Carmichael LLP

**Chartered Accountants**  
**Statutory Auditor**

17 December 2020.

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Clava House  
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IV2 7AJ

# BADBEA CROFTERS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2020

	Notes	2020 £	2019 £
Turnover	3	11,801,598	12,354,802
Cost of sales		(8,210,180)	(8,487,707)
<b>Gross profit</b>		<b>3,591,418</b>	<b>3,867,095</b>
Distribution costs		(137,601)	(88,370)
Administrative expenses		(1,188,762)	(935,140)
Other operating income		33,085	13,290
<b>Operating profit</b>	<b>4</b>	<b>2,298,140</b>	<b>2,856,875</b>
Interest receivable and similar income	8	4,753	4,928
Interest payable and similar expenses	9	(54,087)	(60,629)
Fair value losses on foreign exchange contracts		(1,811,892)	(617,052)
<b>Profit before taxation</b>		<b>436,914</b>	<b>2,184,122</b>
Tax on profit	10	(154,747)	(391,842)
<b>Profit for the financial year</b>	<b>27</b>	<b>282,167</b>	<b>1,792,280</b>

Profit for the financial year is all attributable to the owners of the parent company.

The Group Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

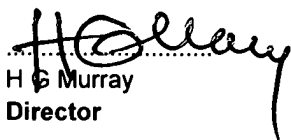
# BADBEA CROFTERS LIMITED

## GROUP BALANCE SHEET

AS AT 30 APRIL 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	12	21,455,820		9,622,354	
Investment properties	13	191,870		191,870	
		<u>21,647,690</u>		<u>9,814,224</u>	
<b>Current assets</b>					
Stocks	17	90,969		76,656	
Biological assets	18	324,425		531,597	
Debtors	19	1,806,720		1,347,581	
Cash at bank and in hand		2,846,665		1,839,399	
		<u>5,068,779</u>		<u>3,795,233</u>	
<b>Creditors: amounts falling due within one year</b>	20	(2,729,784)		(2,265,069)	
<b>Net current assets</b>		<u>2,338,995</u>		<u>1,530,164</u>	
<b>Total assets less current liabilities</b>		<u>23,986,685</u>		<u>11,344,388</u>	
<b>Creditors: amounts falling due after more than one year</b>	21	(14,285,692)		(2,084,968)	
<b>Provisions for liabilities</b>	24	(835,614)		(524,208)	
<b>Net assets</b>		<u><u>8,865,379</u></u>		<u><u>8,735,212</u></u>	
<b>Capital and reserves</b>					
Called up share capital	26	2,000		2,000	
Profit and loss reserves	27	8,863,379		8,733,212	
<b>Total equity</b>		<u><u>8,865,379</u></u>		<u><u>8,735,212</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 15/12/2020 and are signed on its behalf by:

  
H G Murray  
Director



# BADBEA CROFTERS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 May 2018</b>		2,000	7,084,932	7,086,932
<b>Year ended 30 April 2019:</b>				
Profit and total comprehensive income for the year		-	1,792,280	1,792,280
Dividends	11	-	(144,000)	(144,000)
<b>Balance at 30 April 2019</b>		2,000	8,733,212	8,735,212
<b>Year ended 30 April 2020:</b>				
Profit and total comprehensive income for the year		-	282,167	282,167
Dividends	11	-	(152,000)	(152,000)
<b>Balance at 30 April 2020</b>		2,000	8,863,379	8,865,379

# BADBEA CROFTERS LIMITED

## COMPANY BALANCE SHEET

AS AT 30 APRIL 2020

		2020		2019	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		92,385		95,159
Investment properties	13		-		191,870
Investments	14		1,377,972		1,377,972
			<u>1,470,357</u>		<u>1,665,001</u>
<b>Current assets</b>					
Debtors	19	194,277		6,987	
Cash at bank and in hand		3,295		3,243	
		<u>197,572</u>		<u>10,230</u>	
<b>Creditors: amounts falling due within one year</b>	20	(15,066)		(10,651)	
<b>Net current assets/(liabilities)</b>			182,506		(421)
<b>Total assets less current liabilities</b>			<u>1,652,863</u>		<u>1,664,580</u>
<b>Capital and reserves</b>					
Called up share capital	26		2,000		2,000
Profit and loss reserves	27		1,650,863		1,662,580
<b>Total equity</b>			<u>1,652,863</u>		<u>1,664,580</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £140,283 (2019 - £142,085 profit).

The financial statements were approved by the board of directors and authorised for issue on 15/12/2020 and are signed on its behalf by:

  
M G Murray  
Director

Company Registration No. SC105107

# BADBEA CROFTERS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 May 2018</b>		2,000	1,664,495	1,666,495
<b>Year ended 30 April 2019:</b>				
Profit and total comprehensive income for the year		-	142,085	142,085
Dividends	11	-	(144,000)	(144,000)
<b>Balance at 30 April 2019</b>		2,000	1,662,580	1,664,580
<b>Year ended 30 April 2020:</b>				
Profit and total comprehensive income for the year		-	140,283	140,283
Dividends	11	-	(152,000)	(152,000)
<b>Balance at 30 April 2020</b>		2,000	1,650,863	1,652,863

# BADBEA CROFTERS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	33	2,988,556		3,755,188	
Interest paid		(54,087)		(60,629)	
Income taxes paid		(288,063)		(274,234)	
<b>Net cash inflow from operating activities</b>		<b>2,646,406</b>		<b>3,420,325</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(14,735,152)		(3,394,537)	
Proceeds on disposal of tangible fixed assets		133		19,793	
Purchase related to investment property		-		(4,400)	
Interest received		4,753		4,928	
<b>Net cash used in investing activities</b>		<b>(14,730,266)</b>		<b>(3,374,216)</b>	
<b>Financing activities</b>					
Proceeds of new bank loans		13,520,000		-	
Repayment of bank loans		(244,709)		(238,619)	
Payment of finance leases obligations		(32,165)		(65,265)	
Dividends paid to equity shareholders		(152,000)		(144,000)	
<b>Net cash generated from/(used in) financing activities</b>		<b>13,091,126</b>		<b>(447,884)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,007,266</b>		<b>(401,775)</b>	
Cash and cash equivalents at beginning of year		1,839,399		2,241,174	
<b>Cash and cash equivalents at end of year</b>		<b>2,846,665</b>		<b>1,839,399</b>	

# **BADBEA CROFTERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020**

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### **1 Accounting policies**

#### **Company information**

Badbea Crofters Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is Dornoch Road, Bonar Bridge, IV24 3EB.

The group consists of Badbea Crofters Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention modified for revaluation of investment properties and certain financial instruments. The principal accounting policies adopted are set out below.

The consolidated financial statements incorporate those of Badbea Crofters Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired are consolidated using the purchase method. Their results are incorporated from the date that control passes.

The parent company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The parent company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

Section 4 of Financial Position'—Reconciliation of the opening and closing number of shares;  
Section 7 of Cash Flows'—Presentation of a statement of cash flow and related notes and disclosures.

Badbea Crofters Limited has acquired the share capital of its subsidiaries on a piecemeal basis. All goodwill on the business combination, to the date that control is obtained on each subsidiary, is fully amortised. Goodwill was assessed as having a useful economic life of 4 years.

All financial statements are made up to 30 April 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **1.2 Going concern**

At the time of approving the financial statements, due to the strength of the group's and the company's balance sheet and the group's ability to generate sufficient cash from its operations, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The risks and challenges attached to the emergence of the Covid-19 pandemic continue to be monitored and action taken wherever possible to mitigate their effect on the business. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Turnover is recognised on the charter of boats and hire of vehicles based on the company's right to consideration aligned to the period of hire, on the accruals basis. Turnover for smolts is recognised when legal title passes to the customer. Turnover for management services is recognised on an accruals basis.

#### 1.4 Tangible fixed assets

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

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

Freehold property	2% - 5% straight line
Leasehold property	5% straight line
Leasehold improvements	straight line over life of the asset
Plant and machinery	10% - 20% straight line and 15% reducing balance
Fixtures and fittings	20% - 25% straight line
Motor vehicles	20% - 25% reducing balance
Wellboats	over 10 years to residual value for main structure and 10% straight line for all other equipment and fittings; 5% reducing balance
Assets under construction	not depreciated

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

#### 1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

#### 1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

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### 1 Accounting policies

(Continued)

#### 1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in the profit and loss account.

#### 1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

#### 1.10 Financial instruments

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

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction costs.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

### 1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including foreign exchange forward contracts, are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in the profit and loss account immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### **1.11 Equity instruments**

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

#### **1.12 Taxation**

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

##### **Current tax**

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

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

#### **1.13 Employee benefits**

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

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



# **BADBEA CROFTERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2020**

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### **1 Accounting policies**

**(Continued)**

#### **1.14 Retirement benefits**

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

#### **1.15 Leases**

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### **1.16 Government grants**

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred.

#### **1.17 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

#### **1.18 Biological assets**

The group rears smolts and as a result holds fish as biological assets within current assets.

In accordance with FRS 102, these assets are defined as biological assets and are held at the lower of cost and estimated selling price less costs to complete and sell.

#### **1.19 Change in accounting estimate**

At the start of the financial period, the directors amended the residual value of a wellboat to reflect a more accurate representation of this amount. This has resulted in a decrease in the depreciation charge for the year of £297,408.

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

### 2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Depreciation - useful lives of tangible assets

The useful life and any residual values of tangible fixed assets are considered and depreciation rates applied accordingly. Details of the depreciation policies applied can be found in note 1.4 of the financial statements. The depreciation charge for the year amounts to £464,999 (2019 - £742,176) and the carrying value of tangible fixed assets at the year end amounts to £21,455,820 (2019 - £9,622,354).

#### Biological assets

Biological assets totalling £324,425 (2019 - £531,597) are valued as detailed in note 1.18 of the financial statements. Valuation of biological assets requires judgements to be made on various aspects of the assets held and is assessed based on the directors' extensive knowledge of the industry and the economic environment they are operating in. As with any estimate, this is subject to events proving otherwise, but the directors do not consider that this amounts to significant risk.

### 3 Turnover and other revenue

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Rearing of smolts	4,270,112	4,114,837
Transport services	7,531,486	8,239,965
	<u>11,801,598</u>	<u>12,354,802</u>
	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
UK	<u>11,801,598</u>	<u>12,354,802</u>

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

### 4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	17,335	911
Government grants	(16,121)	-
Depreciation of owned tangible fixed assets	451,536	709,969
Depreciation of tangible fixed assets held under finance leases	13,463	32,207
Loss/(profit) on disposal of tangible fixed assets	7,610	(50,981)
	<u>          </u>	<u>          </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £17,335 (2019 - £911).

### 5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	3,500	-
Audit of the financial statements of the company's subsidiaries	13,790	-
	<u>          </u>	<u>          </u>
	17,290	-
	<u>          </u>	<u>          </u>

### 6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Management	7	7	7	7
Direct	28	25	-	-
Admin	16	12	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	51	44	7	7
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

### 6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	2,175,400	1,885,316	-	-
Social security costs	243,219	205,479	-	-
Pension costs	47,624	31,818	-	7,863
	<u>2,466,243</u>	<u>2,122,613</u>	<u>-</u>	<u>7,863</u>

### 7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	320,510	298,955
Company pension contributions to defined contribution schemes	3,197	10,358
	<u>323,707</u>	<u>309,313</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2019 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	153,642	142,605
Company pension contributions to defined contribution schemes	1,317	846
	<u>154,959</u>	<u>143,451</u>

### 8 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	4,753	4,824
Other interest income	-	104
	<u>4,753</u>	<u>4,928</u>
<b>Total income</b>	<u>4,753</u>	<u>4,928</u>

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

### 9 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	51,009	55,788
Interest on finance leases and hire purchase contracts	2,776	4,841
	<u>53,785</u>	<u>60,629</u>
<b>Other finance costs:</b>		
Other interest	302	-
	<u>54,087</u>	<u>60,629</u>

### 10 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	271,154
Adjustments in respect of prior periods	(156,659)	(542)
	<u>(156,659)</u>	<u>270,612</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	253,501	121,207
Changes in tax rates	61,275	-
Adjustment in respect of prior periods	(3,370)	23
	<u>311,406</u>	<u>121,230</u>
<b>Total tax charge</b>	<u>154,747</u>	<u>391,842</u>

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	436,914	2,184,122
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	83,014	414,983
Tax effect of expenses that are not deductible in determining taxable profit	10,935	2,626
Tax effect of utilisation of tax losses not previously recognised	159,547	-
Unutilised tax losses carried forward	127,751	-
Adjustments in respect of prior years	(156,659)	(542)
Capital allowances in excess of depreciation	(384,417)	(133,882)
Deferred tax adjustments in respect of prior years	(3,370)	23
Disposals of tangible fixed assets	3,170	(9,686)
Deferred tax timing differences	314,776	121,207
Other adjustments	-	(2,887)
Taxation charge	154,747	391,842

### 11 Dividends

	2020 £	2019 £
Interim paid	152,000	144,000

## BADBEA CROFTERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

#### 12 Tangible fixed assets

Group	Freehold property £	Leasehold property £	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Wellboats £	Assets under construction £	Total £
<b>Cost</b>									
At 1 May 2019	539,588	123,246	28,247	2,917,897	11,851	1,063,773	5,199,531	3,608,255	13,492,388
Additions	50,403	-	-	282,016	4,367	37,212	-	11,932,210	12,306,208
Disposals	-	-	-	(28,226)	(3,771)	-	-	-	(31,997)
Transfers	-	-	-	-	-	-	15,540,465	(15,540,465)	-
At 30 April 2020	589,991	123,246	28,247	3,171,687	12,447	1,100,985	20,739,996	-	25,766,599
<b>Depreciation and impairment</b>									
At 1 May 2019	124,598	45,836	20,195	1,789,456	11,060	490,760	1,388,129	-	3,870,034
Depreciation charged in the year	9,437	6,743	1,413	202,978	1,279	121,420	121,729	-	464,999
Eliminated in respect of disposals	-	-	-	(20,616)	(3,638)	-	-	-	(24,254)
At 30 April 2020	134,035	52,579	21,608	1,971,818	8,701	612,180	1,509,858	-	4,310,779
<b>Carrying amount</b>									
At 30 April 2020	455,956	70,667	6,639	1,199,869	3,746	488,805	19,230,138	-	21,455,820
At 30 April 2019	414,990	77,410	8,052	1,128,441	791	573,013	3,811,402	3,608,255	9,622,354

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

Company	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 May 2019	132,095	3,831	3,771	139,697
Disposals	-	(3,831)	(3,771)	(7,602)
At 30 April 2020	132,095	-	-	132,095
<b>Depreciation and impairment</b>				
At 1 May 2019	37,069	3,831	3,638	44,538
Depreciation charged in the year	2,641	-	-	2,641
Eliminated in respect of disposals	-	(3,831)	(3,638)	(7,469)
At 30 April 2020	39,710	-	-	39,710
<b>Carrying amount</b>				
At 30 April 2020	92,385	-	-	92,385
At 30 April 2019	95,026	-	133	95,159

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Motor vehicles	29,247	128,826	-	-
Depreciation charge for the year in respect of leased assets	13,463	32,207	-	-

### 13 Investment property

	Group 2020 £	Company 2020 £
<b>Fair value</b>		
At 1 May 2019	191,870	191,870
Disposals	-	(191,870)
At 30 April 2020	191,870	-

Investment property comprises land and buildings. The fair value of the investment properties has been arrived at by the directors and is deemed appropriate at 30 April 2020. During the year ended 30 April 2020, the investment property was transferred from the company to a subsidiary for proceeds equal to its carrying value.



# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

### 14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	-	1,377,972	1,377,972

#### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 May 2019 and 30 April 2020	1,377,972
<b>Carrying amount</b>	
At 30 April 2020	1,377,972
At 30 April 2019	1,377,972

### 15 Subsidiaries

Details of the company's subsidiaries at 30 April 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Migdale Smolt Limited	Scotland	Rearing of smolts	Ordinary	100.00 -
Migdale Transport Limited	Scotland	Transport services	Ordinary	100.00 -

### 16 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	1,242,573	1,133,687	194,277	6,987
Equity instruments measured at cost less impairment	-	-	1,377,972	1,377,972
Cash and cash equivalents	2,846,665	1,839,399	3,295	3,243
	<u>4,089,238</u>	<u>2,973,086</u>	<u>1,575,544</u>	<u>1,388,202</u>
<b>Carrying amount of financial liabilities</b>				
Measured at fair value through profit or loss				
- Other financial liabilities	-	617,052	-	-
Measured at amortised cost	<u>16,949,569</u>	<u>3,388,312</u>	<u>15,066</u>	<u>10,380</u>

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

### 17 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	90,969	76,656	-	-

### 18 Biological assets

	Smolts £
<b>Cost</b>	
At 1 May 2019	531,597
Change in inventory	(207,172)
At 30 April 2020	324,425
<b>Depreciation</b>	
At 1 May 2019 and 30 April 2020	-
<b>Carrying amount</b>	
At 30 April 2020	324,425
At 1 May 2019	531,597
	<b>Smolts £</b>

Carrying amount at 30 April 2020 classified as:

Current assets	324,425
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Carrying amount at 1 May 2019 classified as:

Current assets	531,597
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### 19 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
<b>Amounts falling due within one year:</b>				
Trade debtors	1,224,294	1,126,995	15	1,310
Corporation tax recoverable	217,160	-	-	-
Amounts owed by group undertakings	-	-	188,745	-
Other debtors	84,281	42,006	5,517	5,677
Prepayments and accrued income	280,985	178,580	-	-
	1,806,720	1,347,581	194,277	6,987

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

### 20 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	22	1,315,173	241,907	-	-
Obligations under finance leases	23	1,301	32,165	-	-
Trade creditors		1,089,921	827,304	14	328
Corporation tax payable		-	227,562	-	145
Other taxation and social security		65,907	117,111	-	126
Other creditors		17,878	704,528	8,052	8,052
Accruals and deferred income		239,604	114,492	7,000	2,000
		<u>2,729,784</u>	<u>2,265,069</u>	<u>15,066</u>	<u>10,651</u>

### 21 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	22	14,285,692	2,083,667	-	-
Obligations under finance leases	23	-	1,301	-	-
		<u>14,285,692</u>	<u>2,084,968</u>	<u>-</u>	<u>-</u>

### 22 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	<u>15,600,865</u>	<u>2,325,574</u>	<u>-</u>	<u>-</u>
Payable within one year	1,315,173	241,907	-	-
Payable after one year	<u>14,285,692</u>	<u>2,083,667</u>	<u>-</u>	<u>-</u>
Amounts included above which fall due after five years:				
Payable by instalments	<u>8,841,778</u>	<u>1,116,039</u>	<u>-</u>	<u>-</u>

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

### 22 Loans and overdrafts

(Continued)

The long-term loans are secured by fixed charges over the group's wellboats and a floating charge over the whole assets of the group.

The group have two bank loans held under the following terms:

The bank loan of which £2,080,865 is outstanding at the year end is repayable in monthly instalments over 12 years with interest being charged at a variable rate of base rate plus 1.60%.

The bank loan of which £13,520,000 is outstanding at the year end is repayable in monthly instalments over 12 years with interest being charged at a variable rate of base rate plus 1.60%.

### 23 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	1,445	34,931	-	-
In two to five years	-	1,445	-	-
	<u>1,445</u>	<u>36,376</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(144)	(2,910)	-	-
	<u>1,301</u>	<u>33,466</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the group for certain assets included within motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 - 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 24 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	973,049	524,776
Retirement benefit obligations	(9,684)	(568)
Tax losses	(127,751)	-
	<u>835,614</u>	<u>524,208</u>

The company has no deferred tax assets or liabilities.

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2020

### 24 Deferred taxation

(Continued)

	Group 2020 £	Company 2020 £
<b>Movements in the year:</b>		
Liability at 1 May 2019	524,208	-
Charge to profit and loss account	250,131	-
Effect of change in tax rate - profit and loss account	61,275	-
Liability at 30 April 2020	<u>835,614</u>	<u>-</u>

### 25 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit and loss account in respect of defined contribution schemes	<u>47,624</u>	<u>31,818</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 26 Share capital

	Group and company 2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

### 27 Reserves

#### Profit and loss reserves

Retained earnings represent accumulated profits less losses and distributions.

### 28 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	-	39,403	-	-
	-	39,403	-	-

### 29 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Acquisition of tangible fixed assets	-	13,603,928	-	-

### 30 Events after the reporting date

Subsequent to the year end, the company has declared dividends of £100,000.

### 31 Related party transactions

The group and parent company are taking advantage of the relevant exemptions within section 33 of FRS 102 not to disclose related party transactions.

### 32 Directors' transactions

Dividends totalling £98,800 (2019 - £93,600) were paid in the year in respect of shares held by the company's directors.

# BADBEA CROFTERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

### 33 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	282,167	1,792,280
Adjustments for:		
Taxation charged	154,747	391,842
Finance costs	54,087	60,629
Investment income	(4,753)	(4,928)
Loss on disposal of tangible fixed assets	7,610	14,178
Depreciation and impairment of tangible fixed assets	464,999	742,176
Fair value losses on foreign exchange contracts	1,811,892	617,052
Movements in working capital:		
(Increase) in stocks	(14,313)	(58,451)
(Increase) in debtors	(241,979)	(39,781)
Increase in creditors	266,927	249,688
(Increase)/decrease in biological assets	207,172	(9,497)
<b>Cash generated from operations</b>	<b>2,988,556</b>	<b>3,755,188</b>

### 34 Analysis of changes in net debt

	2020 £
<b>Opening net funds/(debt)</b>	
Cash and cash equivalents	1,839,399
Loans	(2,325,574)
Obligations under finance leases	(33,466)
	(519,641)
<b>Changes in net debt arising from:</b>	
Cash flows of the group	1,007,266
Loans advanced	(13,520,000)
Loan repayments	244,709
Finance lease repayments	32,165
Closing net funds/(debt) as analysed below	(12,755,501)
<b>Closing net funds/(debt)</b>	
Cash and cash equivalents	2,846,665
Loans	(15,600,865)
Obligations under finance leases	(1,301)
	(12,755,501)