

Registration number: SC105107

# Badbea Crofters Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 April 2022

A9 Accountancy Limited  
Elm House  
Cradlehall Business Park  
Inverness  
IV2 5GH



# **Badbea Crofters Limited**

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## **Badbea Crofters Limited**

### **Company Information**

<b>Directors</b>	J Murray
	G L Murray
	J L Murray
	A A MacKenzie
	H G Murray
	Reverend A Murray
	A M MacKenzie
<b>Company secretary</b>	J L Murray
<b>Registered office</b>	Dornoch Road Bonar Bridge IV24 3EB
<b>Auditors</b>	A9 Accountancy Limited Elm House Cradlehall Business Park Inverness IV2 5GH

## **Badbea Crofters Limited**

### **Strategic Report for the Year Ended 30 April 2022**

The directors present their strategic report for the year ended 30 April 2022.

#### **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 profit has been successful for both the transport business, and the smolt business.

The wellboat's operated by the company have traded very successfully during the year, which has been particularly pleasing in view of the significant investment in these over recent years.

The smolt business has also had a successful year, incurring fewer biological problems, and also reflecting a good control over costs.

Our group is pleased with the performance of its two businesses during the first months of the financial year and is optimistic for another successful outcome for the coming 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 and fuel costs and the effects on the fish farming industry from external matters.
- **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:** Interest rates are not considered to pose a significant risk to the group and the group has in place an interest rate swap with regards to part of its borrowing in order to protect against any unforeseen movements in interest rates.
- **Credit risk:** The groups 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 an imperfect collection history.

#### **Key performance indicators**

The group monitors business performance of its different segments, specifically wellboat's, road transport and smolt production through monthly reporting of results. We use a variety KPI's to monitor and drive the performance of the business, in addition to sales profit and free cash. These include gross profit percentage (smolts up 1% of sales and transport up 1% of sales), with group cash and cash equivalents reducing from £3.52M to £3.4M as detailed on note 19.

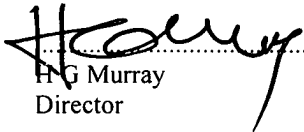
## **Badbea Crofters Limited**

### **Strategic Report for the Year Ended 30 April 2022**

#### **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 smolt businesses have performed well and the group intends to continue to invest in these businesses should attractive opportunities arise.

Approved and authorised by the Board on 29/9/22 and signed on its behalf by:

  
H G Murray  
Director

## **Badbea Crofters Limited**

### **Directors' Report for the Year Ended 30 April 2022**

The directors present their report and the consolidated financial statements for the year ended 30 April 2022.

#### **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 group's principal activities during the year under review.

#### **Director of the group**

The directors who held office during the year were as follows:

J Murray

G L Murray

J L Murray - Company secretary and director

A A MacKenzie

H G Murray

Reverend A Murray

A M MacKenzie

#### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £200,000. The directors do not recommend payment of a further dividend.

#### **Directors' Responsibilities**

The directors acknowledge their responsibilities 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 the 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 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; and
- 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**

### **Directors' Report for the Year Ended 30 April 2022**

#### **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.

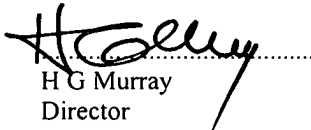
#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

The auditors A9 Accountancy Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 29/9/22 and signed on its behalf by:

  
H G Murray  
Director

## **Badbea Crofters Limited**

### **Independent Auditor's Report to the Members of Badbea Crofters Limited**

#### **Opinion**

We have audited the financial statements of Badbea Crofters Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated 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 Financial Reporting Standard 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 Group's affairs as at 30 April 2022 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 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 responsibilities for the audit of the 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 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.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **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 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.



## **Badbea Crofters Limited**

### **Independent Auditor's Report to the Members of Badbea Crofters Limited**

#### **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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the group and 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 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 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 Statement of Directors' Responsibilities [set out on page 3], 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 group's and 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 group or 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 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.

#### **Extent to which an audit is considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- United Kingdom Generally Accepted Accounting Practice
- Companies Act 2006

## **Badbea Crofters Limited**

### **Independent Auditor's Report to the Members of Badbea Crofters Limited**

- Corporation Tax legislation
- VAT legislation
- Health and safety

We gained an understanding of how the group is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of external inspections, relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where risks were considered to be higher, we performed procedures to address each identified risk:

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level of and reasoning behind the group's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.
- Procedures to confirm the existence and completeness of revenue ensuring recognised in line with the group's accounting policies.
- Testing the basis for calculating the quantities and carrying value of the biological assets, including a sample review of purchase and sales invoices as part of the biological asset reconciliation and to ensure management had correctly reported these assets at the lower of cost and net realisable value.
- Enquiries with management regarding the compliance with laws and regulations, including health and safety requirements.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Badbea Crofters Limited**

### **Independent Auditor's Report to the Members of Badbea Crofters Limited**

#### **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 company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Capewell (Senior Statutory Auditor)

For and on behalf of A9 Accountancy Limited, Statutory Auditor

Elm House  
Cradlehall Business Park  
Inverness  
IV2 5GH

Date: 29/9/22

## Badbea Crofters Limited

### Consolidated Profit and Loss Account for the Year Ended 30 April 2022

	Note	2022 £	2021 £
Turnover	3	13,228,729	11,422,552
Cost of sales		<u>(8,585,181)</u>	<u>(7,730,099)</u>
Gross profit		4,643,548	3,692,453
Administrative expenses		(1,319,804)	(1,305,929)
Other operating income	4	<u>30,898</u>	<u>32,808</u>
Operating profit	5	<u>3,354,642</u>	<u>2,419,332</u>
Other interest receivable and similar income	6	5,677	434
Interest payable and similar expenses	7	<u>(300,751)</u>	<u>(316,692)</u>
		<u>(295,074)</u>	<u>(316,258)</u>
Profit before tax		3,059,568	2,103,074
Tax on profit	11	<u>(940,621)</u>	<u>(401,083)</u>
Profit for the financial year		<u>2,118,947</u>	<u>1,701,991</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		<u>2,118,947</u>	<u>1,701,991</u>

The above results were derived from continuing operations.

The group has no recognised gains or losses for the year other than the results above.

## Badbea Crofters Limited

### Consolidated Statement of Comprehensive Income for the Year Ended 30 April 2022

	2022 £	2021 £
Profit for the year	<u>2,118,947</u>	<u>1,701,991</u>
Total comprehensive income for the year	<u>2,118,947</u>	<u>1,701,991</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the company	<u>2,118,947</u>	<u>1,701,991</u>

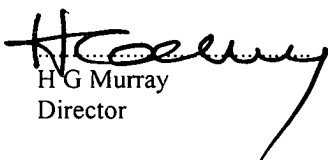
# Badbea Crofters Limited

(Registration number: SC105107)

## Consolidated Balance Sheet as at 30 April 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	12	2,425	2,725
Tangible assets	13	20,360,448	21,617,011
Investment property	14	298,481	284,255
		<u>20,661,354</u>	<u>21,903,991</u>
<b>Current assets</b>			
Stocks	17	62,051	74,704
Debtors	18	2,161,437	987,118
Other financial assets	16	417,020	371,118
Cash at bank and in hand		3,402,179	3,519,873
		<u>6,042,687</u>	<u>4,952,813</u>
<b>Creditors: Amounts falling due within one year</b>	20	<u>(2,753,887)</u>	<u>(2,443,998)</u>
<b>Net current assets</b>		<u>3,288,800</u>	<u>2,508,815</u>
<b>Total assets less current liabilities</b>		23,950,154	24,412,806
<b>Creditors: Amounts falling due after more than one year</b>	20	(10,157,145)	(12,921,643)
<b>Provisions for liabilities</b>		<u>(1,486,692)</u>	<u>(1,103,793)</u>
<b>Net assets</b>		<u>12,306,317</u>	<u>10,387,370</u>
<b>Capital and reserves</b>			
Called up share capital	22	2,000	2,000
Profit and loss account	23	12,304,317	10,385,370
<b>Equity attributable to owners of the company</b>		<u>12,306,317</u>	<u>10,387,370</u>
<b>Shareholders' funds</b>		<u>12,306,317</u>	<u>10,387,370</u>

Approved and authorised by the Board on 29/9/22 and signed on its behalf by:

  
H G Murray  
Director

The notes on pages 17 to 34 form an integral part of these financial statements.

# Badbea Crofters Limited

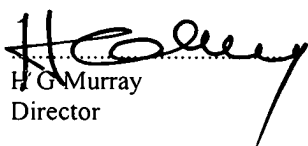
(Registration number: SC105107)  
Balance Sheet as at 30 April 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Investments	15	1,377,972	1,377,972
<b>Current assets</b>			
Debtors	18	79,539	192,287
Cash at bank and in hand		<u>1,757</u>	<u>3,129</u>
		81,296	195,416
<b>Creditors: Amounts falling due within one year</b>	20	<u>(8,052)</u>	<u>(14,192)</u>
<b>Net current assets</b>		<u>73,244</u>	<u>181,224</u>
<b>Net assets</b>		<u>1,451,216</u>	<u>1,559,196</u>
<b>Capital and reserves</b>			
Called up share capital	22	2,000	2,000
Profit and loss account		<u>1,449,216</u>	<u>1,557,196</u>
<b>Shareholders' funds</b>		<u>1,451,216</u>	<u>1,559,196</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes.

The company made a profit after tax for the financial year of £92,020 (2021 - profit of £86,333).

Approved and authorised by the Board on 29/9/22 and signed on its behalf by:

  
H G Murray  
Director

# Badbea Crofters Limited

## Consolidated Statement of Changes in Equity for the Year Ended 30 April 2022 Equity attributable to the parent company

	Share capital £	Profit and loss account £	Total £	Total equity £
At 1 May 2021	2,000	10,385,370	10,387,370	10,387,370
Profit for the year	-	2,118,947	2,118,947	2,118,947
Total comprehensive income	-	2,118,947	2,118,947	2,118,947
Dividends	-	(200,000)	(200,000)	(200,000)
At 30 April 2022	2,000	12,304,317	12,306,317	12,306,317
	Share capital £	Profit and loss account £	Total £	Total equity £
At 1 May 2020	2,000	8,863,379	8,865,379	8,865,379
Profit for the year	-	1,701,991	1,701,991	1,701,991
Total comprehensive income	-	1,701,991	1,701,991	1,701,991
Dividends	-	(180,000)	(180,000)	(180,000)
At 30 April 2021	2,000	10,385,370	10,387,370	10,387,370



## Badbea Crofters Limited

### Statement of Changes in Equity for the Year Ended 30 April 2022

	Share capital £	Profit and loss account £	Total £
At 1 May 2021	2,000	1,557,196	1,559,196
Profit for the year	-	92,020	92,020
Total comprehensive income	-	92,020	92,020
Dividends	-	(200,000)	(200,000)
At 30 April 2022	2,000	1,449,216	1,451,216
	Share capital £	Profit and loss account £	Total £
At 1 May 2020	2,000	1,650,863	1,652,863
Profit for the year	-	86,333	86,333
Total comprehensive income	-	86,333	86,333
Dividends	-	(180,000)	(180,000)
At 30 April 2021	2,000	1,557,196	1,559,196

## Badbea Crofters Limited

### Consolidated Statement of Cash Flows for the Year Ended 30 April 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit for the year		2,118,947	1,701,991
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	1,438,460	1,421,825
(Profit)/loss on disposal of tangible assets		(1,267)	8,158
Finance income	6	(5,677)	(434)
Finance costs	7	300,751	316,692
Income tax expense	11	940,621	401,083
		<u>4,791,835</u>	<u>3,849,315</u>
Working capital adjustments			
Decrease in stocks	17	12,653	16,265
(Increase)/decrease in trade debtors	18	(1,174,319)	602,442
Increase/(decrease) in trade creditors	20	58,092	(404,923)
Decrease in biological assets	21	(45,902)	(46,693)
		<u>3,642,359</u>	<u>4,016,406</u>
Cash generated from operations			
Income taxes (paid)/received	11	(129,926)	217,201
Net cash flow from operating activities		<u>3,512,433</u>	<u>4,233,607</u>
<b>Cash flows from investing activities</b>			
Interest received		5,677	434
Acquisitions of tangible assets		(210,682)	(1,690,314)
Proceeds from sale of tangible assets		30,355	7,030
Acquisition of intangible assets	12	-	(3,000)
Acquisition of investment properties	14	(14,226)	-
		<u>(188,876)</u>	<u>(1,685,850)</u>
Net cash flows from investing activities			
<b>Cash flows from financing activities</b>			
Interest paid	7	(300,751)	(316,692)
Proceeds from bank borrowing draw downs		(2,940,500)	(1,376,556)
Payments to finance lease creditors		-	(1,301)
Dividends paid		(200,000)	(180,000)
		<u>(3,441,251)</u>	<u>(1,874,549)</u>
Net cash flows from financing activities			
Net (decrease)/increase in cash and cash equivalents		(117,694)	673,208
Cash and cash equivalents at 1 May		<u>3,519,873</u>	<u>2,846,665</u>
Cash and cash equivalents at 30 April		<u><u>3,402,179</u></u>	<u><u>3,519,873</u></u>

The notes on pages 17 to 34 form an integral part of these financial statements.

## **Badbea Crofters Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2022**

#### **1 General information**

The company is a private company limited by share capital, incorporated in Scotland.

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

The address of its registered office is:

Dornoch Road

Bonar Bridge

IV24 3EB

These financial statements were authorised for issue by the Board on 29/9/22.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

## **Badbea Crofters Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2022**

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

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 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 flows 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 2022. 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.

#### **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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

The amount of revenue can be reliably measured;  
it is probable that future economic benefits will flow to the entity;  
and specific criteria have been met for each of the group's activities.

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.

## **Badbea Crofters Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2022**

#### **Judgements and key sources of estimation uncertainty**

In the application of the company'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.

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

#### **Depreciation - useful lives of tangible assets**

The useful life of any residual values of tangible fixed assets are considered and depreciation rates applied accordingly. Details of the depreciation policies applied can be found on page 20 of the financial statements. The depreciation charge for the year amounts to £1,431,736 (2021 - £1,421,550) and the carrying value of tangible fixed assets at the year end amounts to £20,045,721 (2021 - £21,617,011).

#### **Biological assets**

Biological assets totalling £417,020 (2021 - £371,118) are valued as detailed on page 21 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.

#### **Government grants**

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

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

#### **Tax**

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

#### **Current tax**

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

## **Badbea Crofters Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2022**

#### **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 with in equity.

#### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
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% to 25% straight line
Motor vehicles	20% to 25% reducing balance
Wellboats	Migdale: over 10 years to residual value for main structure and 10% straight line for all other equipment and fittings: Marsali: 5% reducing balance

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

#### **Impairment of fixed assets**

At each reporting period end date, the company 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).

#### **Investment property**

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. Changes in fair value are recognised in the profit and loss account.

#### **Intangible assets**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

## **Badbea Crofters Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2022**

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Website costs	10% straight line

#### **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.

#### **Cash and cash equivalents**

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

#### **Inventories**

Stock is 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 conditions valued at the lower of cost and net realisable value.

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 the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

#### **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.

## **Badbea Crofters Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2022**

#### **Leases**

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

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

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Dividends**

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **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.

#### **Retirement benefits**

The company makes contributions into the personal pension funds of certain directors and employees. Contributions payable are charged to the profit and loss account in the year they are payable.



## **Badbea Crofters Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2022**

#### **Financial instruments**

##### ***Classification***

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

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

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

##### ***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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### ***Basic financial liabilities***

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.

##### ***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 profit or loss immediately unless the derivative is designated and effective as a hedging instrument in which the 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.

#### **Equity instruments**

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

## Badbea Crofters Limited

### Notes to the Financial Statements for the Year Ended 30 April 2022

#### 3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2022 £	2021 £
Rearing of smolts	4,219,311	4,029,891
Transport services	9,009,418	7,392,661
	<u>13,228,729</u>	<u>11,422,552</u>

#### 4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2022 £	2021 £
Government grants	2,084	18,103
Miscellaneous other operating income	28,814	14,705
	<u>30,898</u>	<u>32,808</u>

#### 5 Operating profit

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation expense	1,438,160	1,421,550
Amortisation expense	300	275
Government grants	(2,084)	(18,103)
Foreign exchange losses	8,680	1,787
(Profit)/loss on disposal of property, plant and equipment	<u>(1,267)</u>	<u>8,158</u>

#### 6 Other interest receivable and similar income

	2022 £	2021 £
Interest income on bank deposits	5,677	-
Other finance income	-	434
	<u>5,677</u>	<u>434</u>

## Badbea Crofters Limited

### Notes to the Financial Statements for the Year Ended 30 April 2022

#### 7 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	300,751	316,473
Interest on obligations under finance leases and hire purchase contracts	-	219
	<u>300,751</u>	<u>316,692</u>

#### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	2,811,162	2,612,436
Social security costs	236,148	312,039
Pension costs, defined contribution scheme	57,493	56,340
Other employee expense	16,033	9,079
	<u>3,120,836</u>	<u>2,989,894</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Direct	31	33
Admin	16	16
Management	7	7
	<u>54</u>	<u>56</u>

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	372,330	334,072
Contributions paid to defined contribution schemes	3,370	3,354
	<u>375,700</u>	<u>337,426</u>

## Badbea Crofters Limited

### Notes to the Financial Statements for the Year Ended 30 April 2022

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under defined contribution pension schemes	<u>4</u>	<u>4</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	165,543	161,883
Company contributions to defined contribution pension schemes	<u>1,321</u>	<u>1,312</u>

#### 10 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements of the group and company	245	3,500
Audit of the financial statements of the company's subsidiaries	<u>17,580</u>	<u>17,580</u>
	<u>17,825</u>	<u>21,080</u>

## Badbea Crofters Limited

### Notes to the Financial Statements for the Year Ended 30 April 2022

#### 11 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
<b>Current taxation</b>		
UK corporation tax	557,722	132,904
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	382,899	268,179
Tax expense in the income statement	<u>940,621</u>	<u>401,083</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>3,059,568</u>	<u>2,103,074</u>
Corporation tax at standard rate	581,318	399,584
Effect of revenues exempt from taxation	241	2,238
Effect of expense not deductible in determining taxable profit (tax loss)	275,387	2,224
Effect of tax losses	-	(136,174)
Deferred tax expense relating to changes in tax rates or laws	382,899	272,405
Decrease in UK and foreign current tax from adjustment for prior periods	-	(4,226)
Tax decrease from effect of capital allowances and depreciation	(260,027)	(134,942)
Tax decrease from other short-term timing differences	(38,729)	-
Tax decrease arising from group relief	(468)	-
Other adjustments	-	(26)
Total tax charge	<u>940,621</u>	<u>401,083</u>

## Badbea Crofters Limited

### Notes to the Financial Statements for the Year Ended 30 April 2022

#### Deferred tax

##### Group

Deferred tax assets and liabilities

	Liability £
<b>2022</b>	
Accelerated capital allowances	1,646,883
Other timing differences	(160,191)
Tax losses	-
	<u>1,486,692</u>
<b>2021</b>	
Accelerated capital allowances	1,104,473
Other timing differences	(454)
Tax losses	(226)
	<u>1,103,793</u>

The company has no deferred tax assets or liabilities

#### 12 Intangible assets

##### Group

	Website costs £	Total £
<b>Cost or valuation</b>		
At 1 May 2021	<u>3,000</u>	<u>3,000</u>
At 30 April 2022	<u>3,000</u>	<u>3,000</u>
<b>Amortisation</b>		
At 1 May 2021	275	275
Amortisation charge	<u>300</u>	<u>300</u>
At 30 April 2022	<u>575</u>	<u>575</u>
<b>Carrying amount</b>		
At 30 April 2022	<u>2,425</u>	<u>2,425</u>
At 30 April 2021	<u>2,725</u>	<u>2,725</u>

**Badbea Crofters Limited**

**Notes to the Financial Statements for the Year Ended 30 April 2022**

**13 Tangible assets**

**Group**

	Land and buildings £	Plant, machinery, fixtures and fittings £	Wellboats £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 May 2021	611,724	3,569,653	21,797,259	1,204,829	27,183,465
Additions	3,796	152,902	53,984	-	210,682
Disposals	-	(47,110)	-	-	(47,110)
At 30 April 2022	615,520	3,675,445	21,851,243	1,204,829	27,347,037
<b>Depreciation</b>					
At 1 May 2021	183,487	2,168,683	2,570,021	644,261	5,566,452
Charge for the year	21,454	244,234	1,056,593	115,878	1,438,159
Eliminated on disposal	-	(18,022)	-	-	(18,022)
At 30 April 2022	204,941	2,394,895	3,626,614	760,139	6,986,589
<b>Carrying amount</b>					
At 30 April 2022	410,579	1,280,550	18,224,629	444,690	20,360,448
At 30 April 2021	434,979	1,954,794	19,227,238	-	21,617,011

# Badbea Crofters Limited

## Notes to the Financial Statements for the Year Ended 30 April 2022

### 14 Investment properties

#### Group

	2022 £
At 1 May	284,255
Additions	14,226
At 30 April	298,481

Investment property comprises land and buildings. The fair values of the investment properties have been arrived at by the directors and are deemed appropriate at 30 April 2022.

### 15 Investments

#### Company

	2022 £	2021 £
Investments in subsidiaries	1,377,972	1,377,972

#### Subsidiaries

£

#### Cost or valuation

At 1 May 2021	1,377,972
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#### Provision

#### Carrying amount

At 30 April 2022	1,377,972
At 30 April 2021	1,377,972

### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Migdale Smolt Limited	Scotland	Ordinary	100%	100%
Migdale Limited	Transport Scotland	Ordinary	100%	100%



# Badbea Crofters Limited

## Notes to the Financial Statements for the Year Ended 30 April 2022

### 16 Other financial assets

#### Group

	Smolts £	Total £
<b>Biological assets</b>		
<b>Cost or valuation</b>		
At 1 May 2021	371,118	371,118
Change in inventory	45,902	45,902
At 30 April 2022	417,020	417,020
<b>Carrying amount</b>		
At 30 April 2022	417,020	417,020

### 17 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Other inventories	62,051	74,704	-	-

#### Group

### 18 Debtors

		Group		Company	
	Note	2022	2021	2022	2021
		£	£	£	£
Trade debtors		2,002,810	743,789	-	-
Amounts owed by related parties	28	-	-	79,539	186,770
Other debtors		43,132	65,638	-	5,517
Prepayments		115,495	177,691	-	-
		2,161,437	987,118	79,539	192,287

### 19 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash on hand	253	-	-	-
Cash at bank	3,401,926	3,519,873	1,757	3,129
	3,402,179	3,519,873	1,757	3,129

## Badbea Crofters Limited

### Notes to the Financial Statements for the Year Ended 30 April 2022

#### 20 Creditors

		Group		Company	
	Note	2022	2021	2022	2021
		£	£	£	£
<b>Due within one year</b>					
Loans and borrowings	24	1,126,667	1,302,666	-	-
Trade creditors		766,788	788,047	-	-
Amounts due to related parties	28	-	-	8,052	8,052
Social security and other taxes		133,183	97,983	-	-
Other payables		40,858	19,851	-	-
Accruals		125,650	102,506	-	6,140
Income tax liability	11	560,741	132,945	-	-
		<u>2,753,887</u>	<u>2,443,998</u>	<u>8,052</u>	<u>14,192</u>
<b>Due after one year</b>					
Loans and borrowings	24	<u>10,157,145</u>	<u>12,921,643</u>	<u>-</u>	<u>-</u>

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 bank loan is repayable in monthly instalments over 12 years with interest being charged at a variable rate of base rate plus 1.90%.

## Badbea Crofters Limited

### Notes to the Financial Statements for the Year Ended 30 April 2022

#### 21 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £57,493 (2021 - £56,340).

#### 22 Share capital

##### Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

#### 23 Reserves

##### Profit and loss reserves

Retained earnings represent accumulated profits less losses and distributions.

#### 24 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
<b>Non-current loans and borrowings</b>				
Bank borrowings	<u>10,157,145</u>	<u>12,921,643</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
<b>Current loans and borrowings</b>				
Bank borrowings	<u>1,126,667</u>	<u>1,302,666</u>	<u>-</u>	<u>-</u>

##### Group

Included in the loans and borrowings are the following amounts due after more than five years:

	2022	2021
	£	£
After more than five years by instalments	6,377,419	7,498,791

## Badbea Crofters Limited

### Notes to the Financial Statements for the Year Ended 30 April 2022

#### 25 Dividends

	2022 £	2021 £
Interim dividend of £100 (2021 - £90) per ordinary share	<u>200,000</u>	<u>180,000</u>

#### 26 Commitments

##### Group

##### Other financial commitments

At 30 April 2022, the group has contracted for but not provided in the financial statements an amount of £Nil (2021 - £425,663) relating to the production of eggs.

#### 27 Analysis of changes in net debt

##### Group

	At 1 May 2021 £	Cash flows £	At 30 April 2022 £
<b>Cash and cash equivalents</b>			
Cash	3,519,873	(117,695)	3,402,178
<b>Borrowings</b>			
Long term borrowings	<u>(14,224,309)</u>	<u>2,940,497</u>	<u>(11,283,812)</u>
	<u>(10,704,436)</u>	<u>2,822,802</u>	<u>(7,881,634)</u>

#### 28 Related party transactions

##### Group

##### Other transactions with directors

Dividends totalling £130,000 (2021 - £117,000) were paid in the year in respect of shares held by the company's directors.

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