

Company Registration No. 716304

**Pig Improvement Company UK
Limited
Report and Financial Statements**

30 June 2007

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Pig Improvement Company UK Limited

Report and financial statements 2007

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Pig Improvement Company UK Limited

Report and financial statements 2007

Officers and professional advisers

Directors

S A R P Crichton

B Verret

R Wood

M B Boden (appointed 4 April 2007)

D P Timmins (resigned 4 April 2007)

Secretary

Pigtales Limited

Registered Office

2 Kingston Business Park

Kingston Bagpuize

Oxfordshire

OX13 5FE

Bankers

Barclays Bank PLC

Abingdon Marcham Road Branch

South Oxon Group

PO Box 42

Abingdon

Oxfordshire

OX14 1GU

Solicitors

Morgan Cole

3 West Way,

Oxford, OX2 0SZ

Auditors

Deloitte & Touche LLP

Reading

Pig Improvement Company UK Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2007

Principal activity

The principal activities of the company are the sale of breeding pigs and the receipt of royalty income from licensing the use of its intellectual property, trade marks and patents

Review of the business

Trading conditions during the year in the UK were good although towards the end of the year concerns about world grain prices began to impact medium term confidence in pig production. Turnover for the year was impacted by lower group royalty income due to the declining value of the US Dollar. In addition, the restructuring of our supply chain reduced the volume of pigs sourced from France for resale into emerging markets.

The benefits of the business restructuring that followed the acquisition of the company's parent company by Genus plc in 2005 permitted PIC UK Ltd to reduce its contribution to Group research and development by £2 million. In addition, management charges from other group companies were reduced by £2 million. Staff costs were reduced by £2.2 million, mainly attributable to a one off payment of £1.5 million to the Dalgety Pension Fund in 2006.

The improvement in operating profit resulted in a year on year improvement of pre-tax profits of £8.6 million.

A summary of the main performance indicators is given below:

	2007 £'000	2006 £'000
Turnover	15,817	17,089
Operating profit/(loss)	3,470	(3,404)
Profit/(loss) before taxation	2,534	(6,114)

The company's balance sheet on page 9 shows that the company's financial position at the year end is stronger in net asset terms due to improvements in operating profit explained above.

Principal risks and uncertainties

The company operates in a highly competitive environment. Whilst offering a product range differentiated from its competitors, the company must maintain its strong market position through continuous research into new products and new methods of harnessing the company's technological capabilities in meeting the changing needs of its customers.

Future prospects

The directors believe the performance of the company in the year has been satisfactory and that the company is in a strong position to achieve future growth given its current product base and continued investment in the development of new products and markets. The directors are not aware at the date of this report of any likely changes in the company's activities in the forthcoming year.

Dividends

The directors do not recommend the payment of a dividend (2006 nil).

Pig Improvement Company UK Limited

Directors' report

Fixed assets

In the opinion of the directors, the current open market value of the company's land and buildings exceeds the book value by approximately £248,000

Directors

The directors who served on the Board during the year and to the date of this report unless otherwise indicated were as shown on page 1

During the year and up to the date of these financial statements, the company had in place qualifying third party indemnity insurance for the benefit of all directors

Employees and company affairs

The company operates a non-discriminatory employment policy and makes every reasonable effort to provide disabled people with equal opportunities for employment, training and development, having regard to their particular aptitudes and abilities

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



M B Boden
Director
14 February 2008

Pig Improvement Company UK Limited

Statement of directors' responsibilities

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Pig Improvement Company UK Limited

We have audited the financial statements of Pig Improvement Company UK Limited for the year ended 30 June 2007 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet, and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

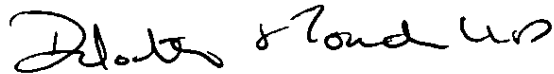
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Pig Improvement Company UK Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Reading, United Kingdom
14 February 2008

Pig Improvement Company UK Limited

Profit and loss account Year ended 30 June 2007

	Note	2007 £'000	2006 £'000
Turnover	2	15,817	17,089
Changes in stocks of finished goods and work in progress		(171)	524
Other operating income		232	232
Raw materials and consumables		(3,604)	(4,415)
Staff costs	5	(4,141)	(6,363)
Depreciation and other amounts written off tangible and intangible fixed assets		(552)	(677)
Other operating charges		(4,111)	(9,794)
Operating profit / (loss)	3	3,470	(3,404)
(Loss)/profit on disposal of fixed assets and investments		(88)	133
Income from other fixed asset investments		15	5
Amounts written off investments	10	(1,044)	(2,796)
Profit/(loss) on ordinary activities before net finance income/(charges)		2,353	(6,062)
Net finance income/(charges)	4	181	(52)
Profit/(loss) on ordinary activities before taxation		2,534	(6,114)
Tax (charge)/credit on profit/(loss) on ordinary activities	7	(747)	726
Profit/(loss) on ordinary activities after taxation	17,18	1,787	(5,388)

The company has no recognised gains or losses, other than those in the profit and loss account shown above, in either the current or preceding financial year. Accordingly, no statement of total recognised gains and losses is presented.

All amounts derive from continuing operations.

Pig Improvement Company UK Limited

Note of historical cost profits and losses Year ended 30 June 2007

	2007 £'000	2006 £'000
Reported profit/(loss) on ordinary activities before taxation	2,534	(6,114)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	<u>4</u>	<u>4</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>2,538</u>	<u>(6,110)</u>
Historical cost profit/(loss) retained after taxation	<u>1,791</u>	<u>(5,384)</u>

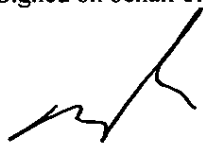
Pig Improvement Company UK Limited

Balance sheet 30 June 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Intangible assets	8	851	1,083
Tangible assets	9	668	837
Investments	10	1,156	2,199
		<u>2,675</u>	<u>4,119</u>
Current assets			
Stocks	11	113	182
Debtors	12	8,843	7,089
Cash at bank and in hand		844	836
		<u>9,800</u>	<u>8,107</u>
Creditors: amounts falling due within one year	13	<u>(7,110)</u>	<u>(8,640)</u>
Net current assets/(liabilities)		<u>2,690</u>	<u>(533)</u>
Total assets less current liabilities		<u>5,365</u>	<u>3,586</u>
Creditors: amounts falling due after more than one year	14	<u>(17)</u>	<u>(25)</u>
Net assets		<u><u>5,348</u></u>	<u><u>3,561</u></u>
Capital and reserves			
Called up share capital	16	186	186
Share premium account	17	8	8
Revaluation reserve	17	81	85
Other reserves	17	23	23
Capital contribution reserve	17	25,000	25,000
Profit and loss account	17	<u>(19,950)</u>	<u>(21,741)</u>
Shareholders' funds	18	<u><u>5,348</u></u>	<u><u>3,561</u></u>

These financial statements were approved by the Board of Directors on 14 February 2008

Signed on behalf of the Board of Directors



M B Boden
Director

Pig Improvement Company UK Limited

Notes to the accounts

Year ended 30 June 2007

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards.

The following accounting policies have been applied consistently in the current and preceding years in dealing with items which are considered material in relation to the financial statements.

Consolidation

The profit and loss account and balance sheet are those of the company. Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Genus plc, a company incorporated in the United Kingdom (see note 20), which publishes consolidated accounts.

Turnover

Turnover comprises the gross amount of sales when the company acts as principal and the commission amount where the company acts as agent, and excludes Value Added Tax. Turnover is recognised on despatch of stock to customers, including animals used by multipliers and those sold direct to slaughter houses. Turnover also includes royalty income which is recognised on an accruals basis having regard to the terms of the company's royalty contracts and licence agreements.

Tangible fixed assets excluding breeding stock

Tangible fixed assets are stated at cost less accumulated depreciation except for certain freehold land and buildings which are stated at valuation less accumulated depreciation. The company has followed the transitional provisions in FRS 15, Tangible Fixed Assets, to retain the book value of land and buildings, certain of which were revalued in 1996, without updating the valuations.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Freehold land is not depreciated. Freehold buildings are depreciated by equal annual instalments over their estimated useful lives up to a maximum period of 50 years. Plant and equipment is depreciated over periods which range from 4 to 10 years and which do not exceed their anticipated useful lives.

Breeding stock

Breeding animals in genetic nucleus, daughter nucleus and production nucleus herds that are classified as Maiden Gilts, In-Pig or Empty Sows and Stock Boars are held for breeding purposes on the company's farms. These breeding animals are classified as fixed assets and are depreciated over their estimated lives of up to 2 years.

Intangible fixed assets

Patents, trademarks, intellectual property and contract rights are included at cost and depreciated in equal annual instalments over a period of 10 years which is their estimated useful economic life. Provision is made for any impairment.

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

Pig Improvement Company UK Limited

Notes to the accounts Year ended 30 June 2007

1. Accounting policies (continued)

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment

Operating leases

Assets held under operating leases are not capitalised. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease term.

Interest

Interest receivable and payable is credited or charged to the profit and loss account on an accruals basis.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Stocks

Commodities, merchandise and livestock, excluding breeding animals included in fixed assets, are valued at the lower of cost and net realisable value. In the case of livestock on farms, costs include direct costs and certain attributable overheads.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving and defective items where appropriate.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Pig Improvement Company UK Limited

Notes to the accounts

Year ended 30 June 2007

1. Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Profit and loss items in overseas currencies are translated at average exchange rates Foreign currency denominated monetary assets and liabilities are translated at rates ruling at the balance sheet date Monetary exchange gains and losses are taken to the profit and loss account

Pension costs

The company is a member of the multi-employer Dalgety Pension Fund which provides benefits based on final pensionable salary The company is unable to identify its share of the scheme's underlying assets and liabilities, and accordingly accounts for contributions as though the scheme was a defined contribution scheme

Details of the Dalgety Pension Fund are fully described in the accounts of Genus plc

Cash flow statement

Under the provisions of FRS 1 (Revised), the company has not produced a cash flow statement on the grounds that its ultimate parent company, Genus plc, has produced group financial statements including a consolidated cash flow statement

2. Turnover

	2007 £'000	2006 £'000
Royalties receivable from group undertakings	5,586	6,096
External sales	10,231	10,993
	<u>15,817</u>	<u>17,089</u>

All turnover derives from trading activities originating in the United Kingdom and France

The turnover and profit before taxation are attributable to the company's principal activities External sales are split by geographical destination as follows

	2007 £'000	2006 £'000
United Kingdom	6,851	7,032
Rest of Europe	2,647	2,771
Other	733	1,190
	<u>10,231</u>	<u>10,993</u>

Pig Improvement Company UK Limited

Notes to the accounts Year ended 30 June 2007

3. Operating profit/(loss)

The following have been charged before arriving at operating profit/(loss)

	2007 £'000	2006 £'000
Auditors' remuneration		
Audit fees	46	29
Tax compliance fees	8	10
Operating lease costs- other	312	488
Depreciation of fixed assets		
Owned tangible assets	320	445
Amortisation of intangible fixed assets	232	232
Research and development	2,235	4,237
Group management charges	309	2,287
	<u> </u>	<u> </u>

4 Net finance income/(charges)

	2007 £'000	2006 £'000
Other interest receivable and similar income		
Interest receivable from group undertakings	28	74
Other interest receivable and similar income	221	120
	<u> </u>	<u> </u>
	249	194
	<u> </u>	<u> </u>
Interest payable and similar charges		
Interest payable to group undertakings	(18)	-
Other interest payable and similar charges	(50)	(246)
	<u> </u>	<u> </u>
	(68)	(246)
	<u> </u>	<u> </u>
Net finance income/(charges)	<u> </u>	<u> </u>
	181	(52)

Included in other interest receivable and similar income are exchange gains of £174,000 (2006 £90,000) arising on the translation at year end of monetary assets and liabilities denominated in foreign currency and crystallised foreign currency denominated transactions during the year

Included in other interest payable and similar charges are exchange losses of £47,000 (2006 £210,000) arising on the translation at year end of monetary assets and liabilities denominated in foreign currency and crystallised foreign exchange losses on foreign currency denominated transactions during the year

Pig Improvement Company UK Limited

Notes to the accounts

Year ended 30 June 2007

5. Employees

	2007	2006
	£'000	£'000
Wages and salaries	2,948	3,756
Social security costs	239	367
Pension costs	954	2,240
	<u>4,141</u>	<u>6,363</u>

The average number of persons employed by the company throughout the year was 66 (2006 74)

6. Directors

The emoluments of the directors (excluding pension contributions) were as follows

	2007	2006
	£'000	£'000
Remuneration for managerial services	<u>348</u>	<u>278</u>

The emoluments (excluding pension contributions) of the highest paid director were £235,151 (2006 £175,190) and the amount of his accrued pension at the end of the year was £15,744 (2006 £35,819)

There are two directors (2006 2) for whom retirement benefits are accruing under the Dalgety Pension Fund

Pig Improvement Company UK Limited

Notes to the accounts

Year ended 30 June 2007

7. Tax charge/(credit) on profit/(loss) on ordinary activities

Taxation comprises

	2007 £'000	2006 £'000
Current tax		
UK corporation tax	58	-
Overseas withholding tax	70	115
Adjustments in respect of prior years	(243)	-
Current tax (credit)/charge for the year	(115)	115
Deferred taxation		
Origination and reversal of timing differences	1,197	(841)
Effect of UK rate change	21	-
Adjustment in respect of prior years	(356)	-
Deferred tax charge/(credit) for the year	862	(841)
	<u>747</u>	<u>(726)</u>

	2007 £'000	2006 £'000
Factors affecting current tax (credit)/charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>2,534</u>	<u>(6,114)</u>
United Kingdom corporation tax at 30% (2006 30%) on profit/(loss) on ordinary activities	760	(1,834)
Effects of		
- Permanent differences	494	1,348
- Timing differences	(1,196)	486
- Overseas withholding tax	70	115
- Adjustment in respect of prior year	(243)	-
Current tax (credit)/charge for the year	<u>(115)</u>	<u>115</u>

Pig Improvement Company UK Limited

Notes to the accounts Year ended 30 June 2007

8. Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2006 and 30 June 2007	3,401
Accumulated depreciation	
At 1 July 2006	2,318
Charge for the year	232
At 30 June 2007	2,550
Net book value	
At 30 June 2007	851
At 30 June 2006	1,083

This goodwill related to the acquisition of the trademarks, intellectual property and contract rights of Agricola Genetico Porcina Ltda, the former PIC franchisee in Chile

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Breeding stock £'000	Total £'000
Cost or valuation				
At 1 July 2006	640	2,150	716	3,506
Additions	-	19	243	262
Disposals	-	-	(552)	(552)
At 30 June 2007	640	2,169	407	3,216
Accumulated depreciation				
At 1 July 2006	308	1,930	431	2,669
Charge for the year	38	61	221	320
Disposals	-	-	(441)	(441)
At 30 June 2007	346	1,991	211	2,548
Net book value				
At 30 June 2007	294	178	196	668
At 30 June 2006	332	220	285	837

In the opinion of the directors, the aggregate value of tangible fixed assets is not less than the aggregate amount at which those assets are stated in the balance sheet

Pig Improvement Company UK Limited

Notes to the accounts Year ended 30 June 2007

10. Fixed asset investments

	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 July 2006	20,224	160	20,384
Interest	1	-	1
At 30 June 2007	20,225	160	20,385
Provisions			
At 1 July 2006	18,045	140	18,185
Written off	1,044	-	1,044
At 30 June 2007	19,089	140	19,229
Net book value			
At 30 June 2007	1,136	20	1,156
At 30 June 2006	2,179	20	2,199

Share in subsidiary undertakings

The company's subsidiary undertakings at 30 June 2007 are as follows

	Country of incorporation	Class of shares and nominal value	Percentage of nominal value of issued shares held	Nature of business
National Pig Development Company Limited	United Kingdom	Ordinary £31,768 Non-voting ordinary £11,034	100% 100%	Receipt of rental income
PIC Polska	Poland	Ordinary 13 748 million zlotys	100%	Pig breeding

Other investments

The company holds various trade investments in agricultural and research companies

Pig Improvement Company UK Limited

Notes to the accounts Year ended 30 June 2007

11. Stock

	2007 £'000	2006 £'000
Livestock	46	87
Consumables	67	95
	<u>113</u>	<u>182</u>

In the opinion of the directors, there is no material difference between the book value of stocks and their replacement cost at 30 June 2007

12. Debtors

	2007 £'000	2006 £'000
Trade debtors	864	952
Amounts owed by parent undertakings	3,582	1,816
Amounts owed by fellow subsidiary undertakings	2,291	1,524
Amounts owed by subsidiary undertakings	1,037	251
Deferred tax asset (see note 15)	304	1,166
Other taxation including VAT	520	1,011
Other debtors	41	60
Prepayments and accrued income	204	309
	<u>8,843</u>	<u>7,089</u>

13. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	428	354
Amounts owing to fellow subsidiary undertakings	2,693	4,527
Amounts owing to subsidiary undertakings	1,649	1,248
Other taxation and social security	381	580
Other creditors	22	51
Accruals and deferred income	1,937	1,880
	<u>7,110</u>	<u>8,640</u>

Pig Improvement Company UK Limited

Notes to the accounts Year ended 30 June 2007

14. Creditors: amounts falling due after more than one year

	2007 £'000	2006 £'000
Deferred operating lease credit	17	25
	<u>17</u>	<u>25</u>

15. Deferred taxation asset

	2007 £'000	2006 £'000
Accelerated capital allowances	105	126
Short term timing differences	112	330
Losses carried forward	87	710
	<u>304</u>	<u>1,166</u>
		£'000
Balance at 1 July 2006		1,166
Charged to profit and loss account		(862)
		<u>304</u>
Balance at 30 June 2007		<u>304</u>

16. Share capital

	2007 £'000	2006 £'000
Authorised:		
2,000,000 ordinary shares of 10p each	200	200
	<u>200</u>	<u>200</u>
Allotted, issued, called up and full paid:		
1,857,164 ordinary shares of 10p each	186	186
	<u>186</u>	<u>186</u>

Pig Improvement Company UK Limited

Notes to the accounts Year ended 30 June 2007

17 Movement on reserves

	Share premium £'000	Revaluation reserve £'000	Other reserves £'000	Capital contribution reserve £'000	Profit and loss account £'000
At 1 July 2006	8	85	23	25,000	(21,741)
Retained profit for the year	-	-	-	-	1,787
Revaluation surplus	-	(4)	-	-	4
At 30 June 2007	8	81	23	25,000	(19,950)

18. Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Profit/(loss) for the financial year after taxation and net increase/(decrease) in shareholders' funds	1,787	(5,388)
Opening shareholders' funds	3,561	8,949
Closing shareholders' funds	5,348	3,561

19. Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Operating leases				
Annual commitments which expire				
Within one year	-	-	32,533	167,620
Between one and five years	108,108	108,108	29,979	63,724
After five years	103,467	103,467	-	-
	211,575	211,575	62,512	231,344

Pig Improvement Company UK Limited

Notes to the accounts

Year ended 30 June 2007

20. Parent undertaking

The company's ultimate controlling party and parent undertaking is Genus plc, a company registered in the UK. Genus plc is the largest and smallest group, of which the company is a member, for which consolidated accounts are prepared. Copies of the financial statements of Genus plc are available from its registered office whose address is as follows:

Belvedere House
Basing View
Basingstoke
Hants
RG 21 4HG

21. Related party transactions

The company is a member of the Genus plc group of companies. In accordance with exemptions conferred by FRS 8, the company has not disclosed transactions with other group companies.

22. Contingent liabilities

The company has entered into cross guarantees to the group's bank in respect of the borrowings of its parent. At 30 June 2007 the total contingent liability in respect of group borrowings was £136.1m (2006: £151.9m).