

**Company Registration No. 716304**

**Pig Improvement Company UK  
Limited**

**Report and Financial Statements**

**30 June 2008**



# **Pig Improvement Company UK Limited**

## **Report and financial statements 2008**

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# **Pig Improvement Company UK Limited**

## **Report and financial statements 2008**

### **Officers and professional advisers**

#### **Directors**

S A Crichton  
R Wood  
J G Worby (appointed 18 February 2009)  
J Thompson (appointed 30 April 2008)  
B Verret (resigned 30 April 2008)  
M B Boden (resigned 26 February 2009)

#### **Secretary**

Pigtales Limited

#### **Registered office**

Belvedere House  
Basing View  
Basingstoke  
Hampshire  
RG21 4HG

#### **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 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 2008.

### 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 in the UK during the year were challenging mainly as a result of increasing animal feed costs, impacting on producer confidence. Group royalty income held steady in spite of challenging global market conditions and sales to growth markets outside the EU grew.

Pension contributions increased during the year, otherwise staff costs were held constant. Other operating charges reduced in the year mainly as a consequence of the restructuring of the supply chain.

The overall impact resulted in pre-tax profits improving by £1.9 million.

A summary of the main performance indicators is given below:

	2008 £'000	2007 £'000
Turnover	15,439	15,817
Operating profit	4,730	3,470
Profit before taxation	4,472	2,534

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.

### Going concern

The company's business activities and principal risks and uncertainties are detailed above. Liquidity is managed at group level using long term group bank facilities. Having considered these risks and the current economic environment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

### Dividends

The directors do not recommend the payment of a dividend (2007: nil).

# **Pig Improvement Company UK Limited**

## **Directors' report (continued)**

### **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**

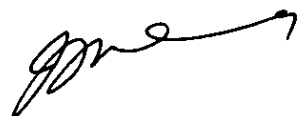
Each of the persons who is a director at the date of approval of this report confirms that:

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



J G Worby  
Director

24 March 2009

# **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 2008 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 2008 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 LLP**  
Chartered Accountants and Registered Auditors  
Reading, United Kingdom

24 March 2009



# Pig Improvement Company UK Limited

## Profit and loss account Year ended 30 June 2008

	Notes	2008 £'000	2007 £'000
<b>Turnover</b>	2	15,439	15,817
Changes in stocks of finished goods and work in progress		250	(171)
Other operating income		232	232
Raw materials and consumables		(3,152)	(3,604)
Staff costs	5	(4,347)	(4,141)
Depreciation and other amounts written off tangible and intangible fixed assets		(486)	(552)
Other operating charges		(3,206)	(4,111)
<b>Operating profit</b>	3	4,730	3,470
Loss on disposal of fixed assets and investments		(57)	(88)
Income from other fixed asset investments		5	15
Amounts written off investments	10	(380)	(1,044)
<b>Profit on ordinary activities before net finance income</b>		4,298	2,353
Net finance income	4	174	181
<b>Profit on ordinary activities before taxation</b>		4,472	2,534
Tax on profit on ordinary activities	7	(2,413)	(747)
<b>Profit on ordinary activities after taxation</b>	17,18	2,059	1,787

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 2008**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Reported profit on ordinary activities before taxation	4,472	2,534
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 on ordinary activities before taxation	<u>4,476</u>	<u>2,538</u>
Historical cost profit retained after taxation	<u>2,063</u>	<u>1,791</u>

# Pig Improvement Company UK Limited

## Balance sheet 30 June 2008

	Notes	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Intangible assets	8	619	851
Tangible assets	9	650	668
Investments	10	893	1,156
		<u>2,162</u>	<u>2,675</u>
<b>Current assets</b>			
Stocks	11	88	113
Debtors	12	12,794	8,843
Cash at bank and in hand		278	844
		<u>13,160</u>	<u>9,800</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(7,915)</u>	<u>(7,110)</u>
<b>Net current assets</b>		<u>5,245</u>	<u>2,690</u>
<b>Total assets less current liabilities</b>		<u>3,609</u>	<u>5,365</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>-</u>	<u>(17)</u>
<b>Net assets</b>		<u><u>7,407</u></u>	<u><u>5,348</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	186	186
Share premium account	17	8	8
Revaluation reserve	17	77	81
Other reserves	17	23	23
Capital contribution reserve	17	25,000	25,000
Profit and loss account	17	<u>(17,887)</u>	<u>(19,950)</u>
<b>Shareholder's funds</b>	18	<u><u>7,407</u></u>	<u><u>5,348</u></u>

These financial statements were approved by the Board of Directors on 24 March 2009

Signed on behalf of the Board of Directors



J G Worby  
Director

# **Pig Improvement Company UK Limited**

## **Notes to the financial statements**

**Year ended 30 June 2008**

### **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.

The company's business activities and principal risks and uncertainties are detailed in the directors' report. Having considered these risks and the current economic environment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing 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.

# **Pig Improvement Company UK Limited**

## **Notes to the financial statements Year ended 30 June 2008**

### **1. Accounting policies (continued)**

#### **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.

#### **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.

# **Pig Improvement Company UK Limited**

## **Notes to the financial statements Year ended 30 June 2008**

### **1. Accounting policies (continued)**

#### **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.

#### **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.

# Pig Improvement Company UK Limited

## Notes to the financial statements Year ended 30 June 2008

### 2. Turnover

	2008 £'000	2007 £'000
Royalties receivable from group undertakings	5,678	5,586
External sales	9,761	10,231
	<u>15,439</u>	<u>15,817</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:

	2008 £'000	2007 £'000
United Kingdom	6,164	6,851
Rest of Europe	2,508	2,647
Other	1,089	733
	<u>9,761</u>	<u>10,231</u>

### 3. Operating profit

The following have been charged before arriving at operating profit:

	2008 £'000	2007 £'000
Auditors' remuneration		
Audit fees	50	46
Tax compliance fees	1	8
Operating lease costs- other	331	312
Depreciation of fixed assets		
Owned tangible assets	254	320
Amortisation of intangible fixed assets	232	232
Research and development	913	2,235
Group management charges	(934)	309
	<u></u>	<u></u>

# Pig Improvement Company UK Limited

## Notes to the financial statements Year ended 30 June 2008

### 4. Net finance income

	2008 £'000	2007 £'000
<b>Other interest receivable and similar income</b>		
Interest receivable from group undertakings	77	28
Other interest receivable and similar income	139	221
	<u>216</u>	<u>249</u>
<b>Interest payable and similar charges</b>		
Interest payable to group undertakings	(34)	(18)
Other interest payable and similar charges	(8)	(50)
	<u>(42)</u>	<u>(68)</u>
<b>Net finance income</b>	<u>174</u>	<u>181</u>

Included in other interest receivable and similar income are exchange gains of £133,000 (2007: £174,000) 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 £6,000 (2007: £47,000) 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.

### 5. Employees

	2008 £'000	2007 £'000
Wages and salaries	2,897	2,948
Social security costs	284	239
Pension costs	1,166	954
	<u>4,347</u>	<u>4,141</u>

The average number of persons employed by the company throughout the year was 58 (2007: 66).



# Pig Improvement Company UK Limited

## Notes to the financial statements Year ended 30 June 2008

### 6. Directors

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

	2008 £'000	2007 £'000
Remuneration for managerial services	429	348

The emoluments (excluding pension contributions) of the highest paid director were £160,500 (2007: £235,151).

There are two directors (2007: 2) for whom retirement benefits are accruing under the Dalgety Pension Fund.

### 7. Tax charge on profit on ordinary activities

Taxation comprises:

	2008 £'000	2007 £'000
<b>Current tax</b>		
UK corporation tax	1,654	58
Overseas withholding tax	46	70
Adjustments in respect of prior years	627	(243)
Current tax charge/(credit) for the year	2,327	(115)
<b>Deferred taxation</b>		
Origination and reversal of timing differences	96	1,197
Effect of UK rate change	-	21
Adjustment in respect of prior years	(10)	(356)
Deferred tax charge for the year	86	862
	2,413	747

#### Factors affecting current tax charge/(credit) for the year

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	4,472	2,534
United Kingdom corporation tax at 29.5% (2007: 30%) on profit on ordinary activities	1,319	760
Effects of:		
- Permanent differences	143	494
- Timing differences	192	(1,196)
- Overseas withholding tax	46	70
- Adjustment in respect of prior year	627	(243)
Current tax charge/(credit) for the year	2,327	(115)

# Pig Improvement Company UK Limited

## Notes to the financial statements Year ended 30 June 2008

### 8. Intangible fixed assets

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 July 2007 and 30 June 2008	3,401
<b>Accumulated depreciation</b>	
At 1 July 2007	2,550
Charge for the year	232
At 30 June 2008	2,782
<b>Net book value</b>	
At 30 June 2008	619
At 30 June 2007	851

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

	<b>Freehold land and buildings £'000</b>	<b>Plant and equipment £'000</b>	<b>Breeding stock £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 1 July 2007	640	2,169	407	3,216
Additions	-	15	296	311
Disposals	-	-	(211)	(211)
At 30 June 2008	640	2,184	492	3,316
<b>Accumulated depreciation</b>				
At 1 July 2007	346	1,991	211	2,548
Charge for the year	38	50	166	254
Disposals	-	-	(136)	(136)
At 30 June 2008	384	2,041	241	2,666
<b>Net book value</b>				
At 30 June 2008	256	143	251	650
At 30 June 2007	294	178	196	668

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 financial statements Year ended 30 June 2008

### 10. Fixed asset investments

	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
<b>Cost</b>			
At 1 July 2007	20,225	160	20,385
Additions	119	-	119
Disposals	-	(2)	(2)
At 30 June 2008	20,344	158	20,502
<b>Provisions</b>			
At 1 July 2007	19,089	140	19,229
Written off	380	-	380
At 30 June 2008	19,469	140	19,609
<b>Net book value</b>			
At 30 June 2008	875	18	893
At 30 June 2007	1,136	20	1,156

### Share in subsidiary undertakings

The company's subsidiary undertakings at 30 June 2008 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.

### 11. Stock

	2008 £'000	2007 £'000
Livestock	-	46
Consumables	88	67
	88	113

In the opinion of the directors, there is no material difference between the book value of stocks and their replacement cost at 30 June 2008.

# Pig Improvement Company UK Limited

## Notes to the financial statements Year ended 30 June 2008

### 12. Debtors

	2008 £'000	2007 £'000
Trade debtors	950	864
Amounts owed by parent undertakings	7,314	3,582
Amounts owed by fellow subsidiary undertakings	1,796	2,291
Amounts owed by subsidiary undertakings	1,756	1,037
Deferred tax asset (see note 15)	218	304
Other taxation including VAT	163	520
Other debtors	26	41
Prepayments and accrued income	571	204
	<u>12,794</u>	<u>8,843</u>

### 13. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	329	428
Amounts owed to parent undertakings	1,999	-
Amounts owing to fellow subsidiary undertakings	1,780	2,693
Amounts owing to subsidiary undertakings	894	1,649
Corporation tax	1,654	29
Other taxation and social security	349	352
Other creditors	66	22
Accruals and deferred income	844	1,937
	<u>7,915</u>	<u>7,110</u>

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

	2008 £'000	2007 £'000
Deferred operating lease credit	-	17
	<u>-</u>	<u>17</u>

# Pig Improvement Company UK Limited

## Notes to the financial statements Year ended 30 June 2008

### 15. Deferred taxation asset

	2008 £'000	2007 £'000
Accelerated capital allowances	180	105
Short term timing differences	38	112
Losses carried forward	-	87
	<u>218</u>	<u>304</u>
		£'000
Balance at 1 July 2007		304
Charged to profit and loss account		(86)
Balance at 30 June 2008		<u>218</u>

A deferred tax asset of £1,061,000 (2007: nil) in respect of surplus tax losses carried forward has not been recognised because of uncertainty over their future use.

### 16. Share capital

	2008 £'000	2007 £'000
<b>Authorised:</b>		
2,000,000 ordinary shares of 10p each	<u>200</u>	<u>200</u>
<b>Allotted, issued, called up and full paid:</b>		
1,857,164 ordinary shares of 10p each	<u>186</u>	<u>186</u>

### 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 2007	8	81	23	25,000	(19,950)
Retained profit for the year	-	-	-	-	2,059
Revaluation surplus	-	(4)	-	-	4
At 30 June 2008	<u>8</u>	<u>77</u>	<u>23</u>	<u>25,000</u>	<u>(17,887)</u>

# Pig Improvement Company UK Limited

## Notes to the financial statements Year ended 30 June 2008

### 18. Reconciliation of movements in shareholder's funds

	2008 £'000	2007 £'000
Profit for the financial year after taxation and net increase in shareholder's funds	2,059	1,787
Opening shareholder's funds	5,348	3,561
Closing shareholder's funds	<u>7,407</u>	<u>5,348</u>

### 19. Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
<b>Operating leases</b>				
Annual commitments which expire:				
Within one year	90	-	16	33
Between one and five years	95	108	100	30
After five years	-	103	-	-
	<u>185</u>	<u>211</u>	<u>116</u>	<u>63</u>

### 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 2008 the total contingent liability in respect of group borrowings was £92.6m (2007: £136.1m).