

Company No. 00814221

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
(A company limited by guarantee)

**REPORT AND FINANCIAL STATEMENTS**

**30 September 2007**

WEDNESDAY



A39 \*AIWAZIA\* 07/05/2008 196  
COMPANIES HOUSE

Baker Tilly UK Audit LLP  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford, GU1 1UW

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**AGRICULTURAL CREDIT CORPORATION LIMITED**  
**(A company limited by guarantee)**

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**AGRICULTURAL CREDIT CORPORATION LIMITED**  
(A company limited by guarantee)

**DIRECTORS AND PROFESSIONAL ADVISERS**

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**DIRECTORS**

J H Cossins (Chairman)  
M Lambert  
W H Organ  
A W D Pexton  
D G Quayle  
M J L Sayers  
R A Macdonald  
M D Raymond

**SECRETARY**

D L Evers

**REGISTERED OFFICE**

Agriculture House  
Stoneleigh Park  
Stoneleigh  
Warwickshire  
CV8 2LZ

**BANKERS**

Barclays Bank plc  
PO Box 15162  
50 Pall Mall  
London  
SW1A 1QB

**AUDITORS**

Baker Tilly UK Audit LLP  
Chartered Accountants  
The Clock House  
140 London Road  
Guildford  
Surrey  
GU1 1UW

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**DIRECTORS' REPORT**

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

**ACTIVITIES AND BUSINESS REVIEW**

The activities of the company are to provide finance or credit facilities for those directly or indirectly engaged in agriculture and horticulture

However, with the announcement of the cessation of any further government support for guarantees entered into by the company after 31 March 1989, the Board of the company decided it was not in a position to sign any new guarantees after that date

The results for the year ended 30 September 2007 are shown on page 5

At 30 September 2007 outstanding bank guarantees provided by the company amounted to £137,900 compared with £174,742 outstanding at 30 September 2006

The provision for losses under guarantees, net of amounts recoverable from DEFRA, as at 30 September 2007 amounted to £18,700 (2006 £24,620)

**DIRECTORS**

The directors of the company during the year were

|               |            |
|---------------|------------|
| J H Cossins   | (Chairman) |
| M Lambert     |            |
| W H Organ     |            |
| A W D Pexton  |            |
| D G Quayle    |            |
| M J L Sayers  |            |
| R A Macdonald |            |
| M D Raymond   |            |

None of the directors receives any remuneration from the company

**AUDITORS**


The directors, having been notified of the cessation of the Partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5)

A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

  
D L Evers  
Secretary  
13 February 2008

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those financial statements, directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the accounts 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 which 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 the system of internal control, for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**INDEPENDENT AUDITORS' REPORT**

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We have audited the financial statements on pages 5 to 12

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 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.

**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 at 30 September 2007 and of its profit for the year then ended and 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.

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

The Clock House

140 London Road

Guildford

Surrey

GU1 1UW

13 February 2008

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**PROFIT AND LOSS ACCOUNT**  
**30 September 2007**

|   | Note | 2007<br>£            | 2006<br>£             |
|---|------|----------------------|-----------------------|
| <b>NET CHARGES FOR GUARANTEES</b>   | 2    | 2,775                | 4,453                 |
| Administrative costs  |      | (20,736)             | (23,993)              |
|   |      | <u>(17,961)</u>      | <u>(19,540)</u>       |
| Transfer to loss provision recoverable from DEFRA                                 |      | (8,789)              | (5,530)               |
| Transfer from provision for losses under guarantees                               | 10   | 11,300               | 7,110                 |
| Other operating income  | 5    | 117,649              | 135,837               |
| <b>NET OPERATING INCOME AND PROFIT ON<br/>ORDINARY ACTIVITIES BEFORE TAXATION</b> | 3    | <u>102,199</u>       | <u>117,877</u>        |
| Tax (charge)/credit on profit on ordinary activities                              | 6    | (6,932)              | 88,709                |
| <b>PROFIT ON ORDINARY ACTIVITIES FOR THE<br/>YEAR TRANSFERRED TO RESERVES</b>     |      | <u><u>95,267</u></u> | <u><u>206,586</u></u> |

All amounts in both the current and preceding years are in respect of continuing activities

There were no recognised gains and losses during the year other than the profit for the year shown above. Accordingly, no statement of total recognised gains and losses is presented

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**BALANCE SHEET**  
**30 September 2007**

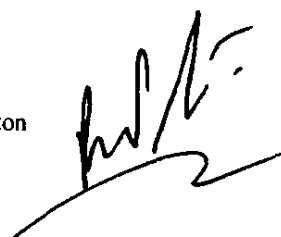
|   | Note | 2007<br>£ | 2006<br>£ |
|---|------|-----------|-----------|
| <b>FIXED ASSETS</b>   |      |           |           |
| Investments   | 7    | 1,557,911 | 1,525,536 |
| <b>CURRENT ASSETS</b>   |      |           |           |
| Debtors   | 8    | 109,403   | 96,074    |
| Debtors due in greater than one year Loss<br>provision recoverable from DEFRA |      | 65,450    | 86,170    |
| Cash at bank and in hand  |      | 144,070   | 96,819    |
|   |      | 318,923   | 279,063   |
| <b>CREDITORS: amounts falling due<br/>within one year</b>                     | 9    | (13,533)  | (9,925)   |
| <b>NET CURRENT ASSETS</b>   |      | 305,390   | 269,138   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                                  |      | 1,863,301 | 1,794,674 |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                                 | 10   | (84,150)  | (110,790) |
| <b>NET ASSETS</b>   |      | 1,779,151 | 1,683,884 |
| <b>FUNDS</b>  |      |           |           |
| Profit and loss account   | 12   | 1,779,151 | 1,683,884 |

The financial statements on pages 5 to 12 were approved by the board of directors and authorised for issue on 13 February 2008 and are signed on its behalf by

J H Cossins  
Director



A W D Pexton  
Director





**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2007**

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**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.

**Guarantee charges**

Charges to customers in respect of guarantees given by the company for periods expiring after the year-end are apportioned on a time basis and only amounts apportionable to the financial year of the company are brought into the accounts as revenue of the year. Amounts apportioned to periods after the year end are carried forward in the balance sheet as "guarantee charges in advance".

**Provision for losses under guarantees**

A provision for possible losses under guarantees given by the company is made by reference to the total of guarantees outstanding at the year end and past experience of losses arising under guarantees. Specific provision is also made for losses under claims received or intimated, the final amounts of which have still to be determined.

**Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially 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 when, 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 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Investments**

Investments are stated in the balance sheet at cost, less any provision for impairment in value, at the balance sheet date. Although the investments are actively traded within the portfolio, the portfolio is not expected to be realised in the foreseeable future and is therefore classified as a fixed asset investment.

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2007**

**2 NET CHARGES FOR GUARANTEES**

Net charges for guarantees comprise invoiced charges attributable to the year ended 30 September 2007 for guarantees given by the company, the one principal activity of the company which is undertaken entirely in the United Kingdom

**3 NET OPERATING INCOME**

is stated after charging

|                        | 2007<br>£    | 2006<br>£     |
|------------------------|--------------|---------------|
| Auditors' remuneration | 3,500        | 3,259         |
| Staff costs (note 4)   | 6,514        | 11,055        |
|                        | <u>6,514</u> | <u>11,055</u> |

Auditors remuneration is due to Baker Tilly UK Audit LLP (2006 Baker Tilly, Chartered Accountants)

**4 STAFF COSTS**

|                       | 2007<br>£    | 2006<br>£     |
|-----------------------|--------------|---------------|
| Salaries              | 6,102        | 10,312        |
| Social security costs | 412          | 743           |
|                       | <u>6,514</u> | <u>11,055</u> |

The number of employees engaged in management and administration was 1 (2006 1)

No director of the company received any emoluments during the year (2006 £Nil)

**5 OTHER OPERATING INCOME**

|   | 2007<br>£      | 2006<br>£      |
|---|----------------|----------------|
| Income from fixed asset listed investments  | 60,945         | 56,638         |
| Net profit on sale of UK listed investments   | 44,917         | 77,897         |
| Interest on bank deposit, short term deposits,<br>overpaid corporation tax and commission | 6,138          | 3,794          |
| Release of previous provision for diminution in value of investments                      | 5,649          | (2,492)        |
|   | <u>117,649</u> | <u>135,837</u> |

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2007**

**6 TAX CHARGE/(CREDIT) ON PROFIT ON ORDINARY ACTIVITIES**

|   | 2007<br>£           | 2006<br>£              |
|---|---------------------|------------------------|
| Current tax:  |                     |                        |
| UK Corporation tax at 20% (2006 19%) based on profit for the year | 4,423               | 226                    |
| Adjustments in respect of prior years                             | -                   | 863                    |
| Total current tax   | <u>4,423</u>        | <u>1,089</u>           |
| Deferred tax  |                     |                        |
| Current year deferred tax   | 2,509               | 8,624                  |
| Adjustments in respect of prior years                             | -                   | (98,422)               |
| Total deferred tax  | <u>2,509</u>        | <u>(89,798)</u>        |
| Tax charge/(credit) on profit on ordinary activities              | <u><u>6,932</u></u> | <u><u>(88,709)</u></u> |

Factors affecting the tax charge for the current period

The tax assessed for the period is higher than that resulting from applying standard rate of corporation tax in the United Kingdom of 20% (2006 19%). The differences are explained below

|  | 2007<br>£           | 2006<br>£           |
|--|---------------------|---------------------|
| Profit on ordinary activities before tax             | <u>102,199</u>      | <u>117,877</u>      |
| Tax at 20% (2006 19%) thereon                        | 20,440              | 22,397              |
| Chargeable gains                                     | 835                 | (5,167)             |
| Release of provision against fixed asset investments | (1,632)             | 473                 |
| Dividend income                                      | (7,181)             | (8,553)             |
| Double taxation relief                               | (229)               | (300)               |
| Capital losses utilised                              | (7,691)             | (8,624)             |
| Prior period adjustments                             | -                   | 863                 |
| Difference in tax rates                              | (119)               | -                   |
| Total current corporation tax charge                 | <u><u>4,423</u></u> | <u><u>1,089</u></u> |

The deferred tax asset arising on the trading losses of £40,782 (2006 £40,782) has not been recognised as their utilisation in the foreseeable future is considered to be relatively uncertain

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2007**

**7 FIXED ASSET INVESTMENTS**

|                                     | Listed<br>Investments<br>£ |
|-------------------------------------|----------------------------|
| <b>Cost</b>                         |                            |
| At 1 October 2006                   | 1,577,230                  |
| Purchases in the year               | 120,808                    |
| Sales in the year                   | (96,591)                   |
|                                     | <hr/>                      |
| At 30 September 2007                | 1,601,447                  |
|                                     | <hr/>                      |
| <b>Provision for impairment</b>     |                            |
| At 1 October 2006                   | 51,694                     |
| Utilised in the year                | (2,509)                    |
| Released in the year                | (5,649)                    |
|                                     | <hr/>                      |
| At 30 September 2007                | 43,536                     |
|                                     | <hr/>                      |
| Carrying value at 30 September 2007 | 1,557,911                  |
|                                     | <hr/>                      |
| Carrying value at 30 September 2006 | 1,525,536                  |
|                                     | <hr/>                      |

At 30 September 2007 the listed investments had a combined market value of £2,121,975 (2006 £1,941,061)

**8 DEBTORS**

|                    | 2007<br>£ | 2006<br>£ |
|--------------------|-----------|-----------|
| Other debtors      | 22,114    | 6,276     |
| Deferred tax asset | 87,289    | 89,798    |
|                    | <hr/>     | <hr/>     |
|                    | 109,403   | 96,074    |
|                    | <hr/>     | <hr/>     |

The deferred tax asset relates to capital losses of £436,444 (2006 £472,622) The asset arising on these losses is recognised as the market value of the company's investment portfolio exceeds its carrying value in the accounts

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                 | 2007<br>£ | 2006<br>£ |
|-----------------|-----------|-----------|
| Trade creditors | 1,184     | 2,055     |
| Corporation tax | 4,423     | 226       |
| Other creditors | 7,926     | 7,644     |
|                 | <hr/>     | <hr/>     |
|                 | 13,533    | 9,925     |
|                 | <hr/>     | <hr/>     |

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2007**

**10 PROVISIONS FOR LIABILITIES AND CHARGES**

|  | 2007<br>£     | 2006<br>£      |
|--|---------------|----------------|
| Provisions for losses under guarantees |               |                |
| At 1 October 2006                      | 110,790       | 117,900        |
| Utilised in the year                   | (15,340)      | -              |
| Released in the year                   | (11,300)      | (7,110)        |
|  | <u>84,150</u> | <u>110,790</u> |
| At 30 September 2007                   |               |                |

In accordance with the requirements of FRS12 the provision for potential costs from guaranteed claims has been shown gross. The related amount recoverable from the Department for Environment, Food and Rural Affairs ("DEFRA") has been recorded as a separate asset.

The provision will be utilised as and when claims made against guarantees are settled.

**11 CALLED UP SHARE CAPITAL**

The company is a company limited by guarantee, having no share capital.

Under paragraph 5 of the Memorandum of Association of the company, every member is liable to contribute, in the event of winding-up, such an amount as may be required, not exceeding £1, in addition to any sum due and payable by him under the Articles of Association for the time being in force.

Under paragraph 26 of the Articles of Association, the income and property of the company shall be applied solely towards the carrying out and exercising of the objects and powers of the company. No part shall be distributed amongst the members of the company except, on a winding up, any assets available for distribution shall be applied to paying £1 to each of the nominal members of the company and then transferred to the NFU Development Company Limited.

**12 MOVEMENT ON RESERVES**

|                              | Profit and<br>loss<br>account<br>£ |
|------------------------------|------------------------------------|
| At 1 October 2006            | 1,683,884                          |
| Profit retained for the year | 95,267                             |
|                              | <u>1,779,151</u>                   |
| At 30 September 2007         |                                    |

**AGRICULTURAL CREDIT CORPORATION LIMITED**  
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**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 2007**

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**13 CONTINGENT LIABILITIES**

The total amounts covered by the guarantee schemes at the year-end were as follows

|  | 2007<br>£ | 2006<br>£ |
|--|-----------|-----------|
| Ordinary Scheme                          | 103,400   | 140,242   |
| Farm and Horticulture Development Scheme | 24,000    | 24,000    |
| Insured Guarantee Scheme                 | 10,500    | 10,500    |
|  | <hr/>     | <hr/>     |
|  | 137,900   | 174,742   |
|  | <hr/>     | <hr/>     |

Under the terms of the Ordinary and the Farm and Horticulture Development Schemes the company is liable for 90% of the guaranteed amounts and has an agreement with the Department for Environment, Food and Rural Affairs ("DEFRA") for reimbursement of 70% of guaranteed amounts

The company is fully insured against any liability arising under the Insured Guarantee Scheme

**14 RELATED PARTIES**

The National Farmers' Union (NFU) is related to the company due to the directors R A Macdonald and M D Raymond also being officers of the NFU. During the year the NFU provided services of £8,051 to the company. At the year end £1,184 was due to the NFU.