

FREEDOM FOOD LIMITED

Directors' and Trustees' Report and Accounts for 2012

FRIDAY



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31/05/2013
COMPANIES HOUSE

**Freedom Food Limited
Wilberforce Way
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Horsham
West Sussex
RH13 9RS**

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**Registered Charity in England & Wales No. 1059879
Registered Charity in Scotland No. SC038199
Registered Company No. 2723670**

REPORT AND FINANCIAL STATEMENTS 2012

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OFFICERS AND PROFESSIONAL ADVISERS

REGISTERED OFFICE :

Wilberforce Way
Southwater
Horsham
West Sussex
RH13 9RS

DIRECTORS AND TRUSTEES :

Mr M S Tomlinson (Chairman)
Mr K Baker
Mr P Baxter
Mr G Grant
Mr C Laurence
Ms M Parker
Ms J Tredgett
Mr T Vaughan

Appointed 07 August 2012
Appointed 28 March 2012

SECRETARY:

Chalfen Secretaries Limited

CHIEF EXECUTIVE:

Mr L J Grant Resigned 31/12/2012

BANKERS:

National Westminster Bank plc
48 Carfax
Horsham
West Sussex
RH12 1EJ

AUDITORS:

BDO LLP
Chartered Accountants
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

DIRECTORS' AND TRUSTEES' REPORT

The Directors and Trustees of Freedom Food Limited present their annual report and the audited financial statements for the year ended 31 December 2012

OBJECTS OF THE COMPANY

Freedom Food Limited is a subsidiary charitable company of the Royal Society for the Prevention of Cruelty to Animals (RSPCA). The primary object of the company is to prevent cruelty to animals by the promotion of humane farming, transportation, marketing and slaughter of farm animals by implementing a set of rearing and handling standards approved from time to time by the RSPCA (marketing refers to transfer of animals prior to slaughter, not communications marketing). Further, the company seeks to promote consumer preference for produce from livestock producers that conform to the RSPCA Welfare standards for farmed animals by identifying as many products as possible with a unique trademark and encouraging retailers to market these products. There have been no major changes to these activities during the year.

ABOUT THE ORGANISATION

Freedom Food Limited is a company limited by shares (registered number 2723670) and the RSPCA is the sole member. The company is also a charity registered by the Charity Commission in England and Wales (registered number 1059879) and in Scotland (SC038199). It is governed by a Memorandum and Articles of Association, the contents of which have been approved by the governing Council of the RSPCA. The company was first incorporated in 1992 and began trading in 1994 and is in the beneficial ownership of the RSPCA. The company became a charity in December 1996.

THE DIRECTORS AND TRUSTEES AND THEIR INTERESTS

At the end of 2012 there were eight Directors of the company. Since Freedom Food Limited is also a charitable company, the eight Directors are also Trustees of the charity. The Memorandum requires that the trustees of the parent organisation, the RSPCA, nominate four of their number, ex-officio, as Directors of Freedom Food Limited. The Chairman and Vice Chairman of Council are given first option on two Board places. The Chief Executive of the Society is also an ex-officio Director. The remaining three Directors have been appointed to the Board of Directors of the company because of their particular experience and their appointment has been ratified by the Council of the RSPCA.

The membership of the Board of Freedom Food Limited who held office during the year

Mr M S Tomlinson	(Member of the Council of the RSPCA)
Mr K Baker	
Mr P Baxter	(Member of the Council of the RSPCA)
Mr R Baylis	(Member of the Council of the RSPCA)
Mr G Grant	(Chief Executive of RSPCA)
Mr C Laurence	(Member of the Council of the RSPCA)
Ms M Parker	
Ms Jane Tredgett	(Member of the Council of the RSPCA)
Mr T Vaughan	
Mr M Watts	(Ex-Chief Executive of RSPCA)

The Directors have no interest in the ordinary shares of the company

RESULTS AND ACTIVITIES

The results for 2012 show a surplus of £36,735 against a surplus of £185,268 in 2011. Total fees and charges income increased by 3% from 2011. Membership income increased by 7% and licence fee income increased by 1%. We are aware of an estimated 1,000 products that bore the Freedom Food label during the year (1,000 estimated in 2011) and as at December 2012, 915 are available in major retail outlets. The products that are labelled Freedom Food increase the choice that the public can exercise when purchasing animal products.

The surplus of income over expenditure in respect of continuing operations was £36,735 and the grant received from the RSPCA was £649,000. The unit cost to the RSPCA per farmed animal to benefit was therefore 0.1p (0.1p 2011). In line with our stated objectives in 2011 during 2012 a total of in excess of 46.6 million terrestrial animals and 114 million fish benefited from the scheme (74 million terrestrial animals 2011). The decrease in animal numbers is due to a 24.4 million drop in Broiler chickens due to a strain not meeting the RSPCA Welfare Standards. Hopefully this decrease will be redressed in 2013 once agreement has been reached with the breeders. We have also had a significant drop of 2.8 million ducks from the scheme due to changes in the RSPCA Welfare Standards.

Freedom Food Limited membership grew by 554 new applicants in 2012 (524 new applicants in 2011) giving a net gain in the year of 66 members after withdrawals and lapsed members (284 members in 2011).

At the end of 2012 Leigh Grant resigned as Chief Executive and as an interim measure David Squair has been appointed as Acting Chief Executive while RSPCA undertakes a full review of its activities and as part of that review Freedom Food is subject to a full independent review at the end of which a permanent arrangement will be made to cover this vacancy.

Scotland

During the year 83 new members (95 in 2011) joined the scheme in Scotland taking the membership in Scotland to 568 in 2012 (552 in 2011). During the year there were 15 members leaving the scheme, 11 members lapsed and 41 of the new applicants in the process of becoming members at year end. During 2012 113.8 million fish and 5.2 million (3.3 million in 2011) terrestrial animals have benefited from the scheme in Scotland.

RESERVES

The charity's assets are available and adequate to fulfil the obligations of the charity. The charity maintains a reserve fund that represents sufficient funds to cover the standing costs of the assessment team in the advent of serious disease outbreak restricting access to producers for up to six months, which could seriously affect income. The Directors and Trustees review the level of reserves to ensure that there is a sufficient fund at year end to maintain the standing costs of the assessment team for six months. At the 31 December 2012 reserve stood at £511,180.

PUBLIC BENEFIT

In considering public benefit the Directors and Trustees have had regard to the guidance issued by the Charity Commission. It is not enough that the Freedom Food's work benefits animals. Richard Martin, one of the RSPCA's nineteenth century founders, identified the Society's prime aim as being to alter the moral feelings of the country. He recognised that taking care of animals is an essential part of any civilisation. This still resonates today. Preventing cruelty to animals promotes humane sentiments in humankind towards animals which involves moral benefit to the human community as a whole. Whilst this public benefit is clear, it is difficult to quantify and must be balanced against any detriment.

Directors' and Trustees' Report and Accounts for 2012

The Results and Activities section of this report demonstrates the achievements and performance of Freedom Food and the benefit provided to the public. All our charitable activities focus on promoting kindness and preventing or suppressing cruelty to animals and are undertaken to further these charitable purposes for the public benefit.

RSPCA SUPPORT

This support is essential for the continuing effectiveness of the Freedom Food scheme and the RSPCA staff and Freedom Food staff works closely in managing the most effective implementation of the RSPCA's objectives for farm animals. The RSPCA provides this staff resource without charge, together with assistance in personnel and financial management. The RSPCA also demonstrates support for the scheme by providing administrative assistance free of charge and has agreed to pay for advertising and public relations activities as agreed between the company and the RSPCA. In 2012 the grants received are noted on the statement of financial activity and amounted to £649,000 (budget £1,149,000). For 2013 the RSPCA will provide grants of at least £800,000. Freedom Food Limited is not dependent on the services of volunteers in accomplishing its work, although RSPCA branch volunteers support the promotion of the scheme at a local level.

RISK AND OBJECTIVES FOR THE UPCOMING YEAR

The major risk facing Freedom Food is the possible outbreak of Avian Influenza/Foot and Mouth restricting access to farms that would potentially compromise our inspection regime and impact on brand integrity. Should there be an outbreak of any disease limiting the ability of Freedom Food to assess the membership all contract assessors will not be allocated work and if the outbreak is expected to continue the assessor team will be placed on short hours to manage the workload. There is little that the Board or managers can do to prevent these natural risks and can only manage the effect. The Board of Freedom Food reviews the operations and potential for any risk that could hamper the ability of Freedom Food to meet its objectives. Additional possible risks were noted regarding the extensive rains hampering farming and also the public consciousness having been raised through the horse meat scandal which could further increase concerns and distrust of food labels.

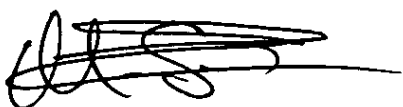
In 2012 Freedom Food achieved its continuing objective of reducing its reliance on the RSPCA annual grant by not utilising the full grant of £1,149,000. During the upcoming year Freedom Food will continue to strive to achieve the RSPCA's objectives for farm animals through increased promotional activities to raise the awareness of producers, retailers, and consumers and increase the numbers of animals benefiting from the scheme.

AUDITORS

A resolution to reappoint BDO LLP as auditors will be proposed at the forthcoming Annual General Meeting.

The report has been prepared in accordance with special provisions of s419(2) of the Companies Act 2006 relating to small companies.

Approved by the Trustees and Board of Directors
of Freedom Food Limited and signed on behalf of the Board



M Tomlinson
Chairman

Date 1st MAY 2013

DIRECTORS' AND TRUSTEES' STATEMENT OF RESPONSIBILITIES

The directors are responsible for preparing the directors' report/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. 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 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 judgements and accounting estimates that are reasonable and prudent,
- state whether United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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
FREEDOM FOOD LIMITED**

We have audited the financial statements of Freedom Food Limited for the year ended 31 December 2012 which comprise of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees and 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 charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on page 5), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Directors' and Trustees' Report and Accounts for 2012

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

Don Bawtree
Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom

Date *1 May 2013*

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

STATEMENT OF FINANCIAL ACTIVITIES
(Including Income & Expenditure account)
Year ended 31 December 2012

	Note	2012 £	2011 £
INCOMING RESOURCES			
Incoming resources from generated funds			
Voluntary income			
Grants receivable	2	649,000	800,000
Donated Services	2	275,000	275,000
Incoming resources from Charitable Activities	3		
Sale of goods and other income		2,708	1,761
Fees and charges		1,598,013	1,571,684
TOTAL INCOMING RESOURCES		<u>2,524,721</u>	<u>2,648,445</u>
RESOURCES EXPENDED			
Charitable activities	4	2,480,073	2,456,314
Governance costs	4	7,913	6,863
TOTAL RESOURCES EXPENDED		<u>2,487,986</u>	<u>2,463,177</u>
Net income for the year		36,735	185,268
Reconciliation of funds			
Total funds brought forward		474,447	289,179
Total funds carried forward		<u>511,182</u>	<u>474,447</u>

All activities derive from continuing operations

There are no recognised gains and losses for the current financial year and preceding financial year other than as stated on the Income and Expenditure accounts

All funds are unrestricted

The notes on pages 10 to 16 form part of these accounts

Company No: 2723670

BALANCE SHEET **31 December 2012**

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible Assets	7		215,806		236,226
CURRENT ASSETS					
Debtors	8	1,158,047		891,806	
Cash at bank and in hand		<u>131,976</u>		<u>21,486</u>	
		1,290,023		913,292	
CREDITORS amounts falling due within one year	9	<u>994,647</u>		<u>675,071</u>	
NET CURRENT ASSETS			295,376		238,221
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>511,182</u>		<u>474,447</u>
CAPITAL FUNDS					
Called up share capital	10		2		2
Unrestricted funds			511,180		474,445
TOTAL SHAREHOLDER'S FUNDS			<u>511,182</u>		<u>474,447</u>

These financial statements were approved by the Directors and authorised for issue on

1st MAY

2013

Signed on behalf of the Board of Directors by



M S Tomlinson
Director and Chairman of the Board

The notes on pages 10 to 16 form part of these accounts

NOTES TO THE ACCOUNTS

Year ended 31 December 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with Companies Act 2006, Trustees Investment (Scotland) Act 2005 and the Accounting and Reporting by Charities A Statement of Recommended Practice (SORP 2005) issued in April 2005, and applicable United Kingdom accounting standards

The principal accounting policies adopted comprise the following.

Accounting convention

The accounting statements are prepared under the historical cost convention

Tangible fixed assets

Fixed assets are capitalised at cost. Provision is made for depreciation on a straight line basis over the useful economic life of each asset. Assets less than £1,000 are expensed in the year. The useful economic lives have been assessed as follows:

Motor vehicles	5 years
Office and computer equipment	3 years

Incoming Resources

Grant income is recognised when there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income from charitable activities is recognised as earned.

Resources Expended

All management and administration costs include the direct costs of administering the company and the support costs for the Executive Department, Administration Department, and Marketing Department together with Direct Charitable expenditure are recognised as they arise. Where appropriate accruals have been made to cover known expenditure in the year. During the year no costs were incurred in generating funds.

Funds

There were no restricted funds during the year. All funds at the balance sheet date are classified as unrestricted.

Pension costs

Retirement benefits to certain employees are provided through the RSPCA pension scheme. This is a defined benefit scheme but the employer cannot identify its share of the underlying assets and liabilities, any information about the existence of the surplus or deficit in the scheme, and the implications of that surplus or deficit to the employer.

The actual cost of providing pensions to the company is charged to the profit and loss account as incurred during the year. The surplus or deficit in the scheme is dealt with in the group accounts of the RSPCA.

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2012

1. ACCOUNTING POLICIES (continued)

Tax on Ordinary Activities

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

2. GRANTS RECEIVABLE

	2012 £	2011 £
Grant income from RSPCA	<u>649,000</u>	<u>800,000</u>

Grant income is paid by the RSPCA to Freedom Food Limited to support the charitable company's activities.

Donated services & facilities

	2012 £	2011 £
RSPCA Livestock Officers	<u>275,000</u>	<u>275,000</u>
	<u>275,000</u>	<u>275,000</u>

RSPCA Livestock Officers numbered 5 during 2012 (5 in 2011)

3. INCOME FROM CHARITABLE ACTIVITIES

	2012 £	2011 £
Sale of goods and other income	<u>2,708</u>	<u>1,761</u>
Fees and charges		
Assessments	648,290	611,217
License fees	<u>949,723</u>	<u>960,467</u>
	<u>1,598,013</u>	<u>1,571,684</u>
Total income from charitable activities	<u>1,600,721</u>	<u>1,573,445</u>

All income from trading activities of the charity are permissible within the charity's objectives.

4. RESOURCES EXPENDED

	2012 Direct £	2012 Support £	2012 Total £
Costs of Charitable activities			
Farm animal welfare	<u>694,578</u>	<u>1,785,495</u>	<u>2,480,073</u>
	<u>694,578</u>	<u>1,785,495</u>	<u>2,480,073</u>
	2011 Direct £	2011 Support £	2011 Total £
Farm animal welfare	<u>655,477</u>	<u>1,800,837</u>	<u>2,456,314</u>

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2012

4. RESOURCES EXPENDED (continued)

Governance	2012 £	2011 £
Auditors' remuneration-Audit Fees	6,830	5,400
Directors' and Trustees' expenses	1,083	1,463
	<u>7,913</u>	<u>6,863</u>

Travel and Subsistence were incurred on behalf of Directors. Certain administrative costs including operating costs, certain centrally charged overhead and administrative costs have been borne by the RSPCA but have not been recharged.

5. INFORMATION REGARDING EMPLOYEES AND DIRECTORS

	2012 No.	2011 No.
Average number of persons employed		
Assessments, marketing and publicity	18	18
Support, management and administration	8	8
	<u>26</u>	<u>26</u>

During the financial year the directors received no remuneration (2010 - £nil)

	2012 £	2011 £
Staff costs during the year		
Wages and salaries	820,098	773,089
Social security costs	66,969	61,559
Pension costs	82,602	90,033
	<u>969,669</u>	<u>924,681</u>

In 2012 one employee earned between £150,000 and £159,999 (£70,000 -£79,999 in 2011). The increase is due to benefits at resignation, which were funded by the RSPCA. Contribution to the pension scheme for this member amounted to £8,488 in 2012 (2011 - £8,488).

6. PENSIONS

This note refers to the RSPCA Pension Fund of which Freedom Food Limited is a small part. The scheme is valued annually as at 31 December for the purpose of the Accounts. This valuation is carried out under specific accounting rules (FRS17) so that the pension liability can be accounted for on the Society's balance sheet. Details of this valuation are set out below. In addition, the scheme is subject to a triennial valuation which provides the basis for agreeing future contribution levels. The latest triennial valuation was carried out as at 31 March 2012. Further details are provided in the Financial Review.

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2012

6. PENSIONS (continued)

MAIN FINANCIAL ASSUMPTIONS

	31/12/2012	31/12/2011
Inflation	2.3%	2.6%
Rate of increase in salaries	3.3%	4.1%
LPI 5%	2.3%	2.6%
LPI 2.5%	2.0%	2.1%
Revaluation of deferred pensions	2.3%	2.6%
Liability discount rate	4.2%	4.8%

	Expected long-term rate of return	31/12/2012 Value	Expected long-term rate of return	31/12/2011 Value
		£'000		£'000
Equities	7.00%	55,640	7.95%	50,702
Government Bonds	2.30%	14,228	2.50%	14,303
Corporate Bonds	4.10%	16,174	4.70%	14,171
Property	7.00%	11,067	7.95%	13,739
LDI fund	2.30%	20,125	2.50%	22,787
Managed Funds	7.00%	30,384	7.95%	29,224
Other	0.50%	1,432	0.50%	1,139
Total market value of assets		149,050		146,066

Mortality assumptions

90% of the SAPS S1Px tables with 2010 CMI improvements subject to a floor of 1% per annum have been used for this disclosure. This table results in the following life expectations from age 65

	2012		2011	
	Male	Female	Male	Female
Retired member	23.1	25.1	22.8	26.1
Member not yet retired	24.5	26.7	24.7	28.2

Reconciliation to Balance Sheet

	For Year ending 31/12/2012	For Year ending 31/12/2011
	£'000	£'000
The amounts recognised in RSPCA balance sheet are as follows		
Total market value of assets	149,050	146,066
Present value of scheme liabilities	(199,035)	(193,163)
Net pension asset/liability	(49,985)	(47,097)

	For Year ending 31/12/2012	For Year ending 31/12/2011
	£'000	£'000
Analysis of amounts charged to resources expended		
Current service costs (net of employee contributions)	5,380	5,508
Past service cost	-	-
Total operating charge	5,380	5,508

	For Year ending 31/12/2012	For Year ending 31/12/2011
	£'000	£'000
Analysis of amounts credited to resources expended		
Expected return on scheme assets	9,091	10,108
Interest on pension scheme liabilities	(9,283)	(10,569)
Net return	(192)	(461)

Expected company contributions over the next year

Over the next year RSPCA is expected to pay £2,400k in contributions into the scheme. This is in accordance with the agreed Contribution Schedule and Recovery Plan.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 December 2012

6. PENSIONS (continued)

Analysis of amount recognised in statement of total recognised gains and losses	For Year ending 31/12/2012 £'000	For Year ending 31/12/2011 £'000
Actual return less expected return on pension scheme assets	(6,907)	(9,777)
Experience gains/(losses) arising on scheme liabilities	5,210	(764)
Changes in assumptions underlying the present value of scheme liabilities	(1,806)	5,064
Actual gain/(loss) recognised in STRGL	(3,504)	(5,476)
Actual return on pension scheme assets	2,813	331
Analysis of movement in surplus during the year		
Deficit in the scheme at beginning of the year	(47,097)	(42,108)
Current service cost	(5,380)	(5,508)
Contribution	6,188	6,456
Other Finance income	(192)	(461)
Actuarial (loss) on defined benefit pension scheme	(3,504)	(5,476)
Deficit in the scheme at end of year	(49,985)	(47,097)
Reconciliation of assets during the year		
Assets at beginning of the period	146,066	144,398
Employer contribution	6,188	6,456
Employee contribution	6	12
Benefits paid	(5,166)	(4,159)
Net transfers (out)	(228)	(972)
Expected return on plan assets	9,091	10,108
Assets outperformance	(6,907)	(9,777)
Assets at end of year	149,050	146,066
Reconciliation of Liabilities during the year		
Liabilities at beginning of period	(193,163)	(186,506)
Operating charges	(5,380)	(5,508)
Employee contributions	(6)	(12)
Interest cost	(9,283)	(10,568)
Benefits paid	5,166	4,159
Net transfers in	228	972
Actuarial (loss)	3,404	4,300
Liabilities at end of year	(199,035)	193,163

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2012

6. PENSIONS (continued)

	For Year ending 31/12/2012	For Year ending 31/12/2011			
History of experience gains and losses					
Difference between expected and actual return on scheme assets					
Amounts (£'000)	(6,908)	(9,777)			
Percentage of scheme assets	(4.6%)	(6.7%)			
Experience gains (losses) on scheme liabilities					
Amounts (£'000)	5,210	(764)			
Percentage of the present value of the scheme liabilities	2.6%	(0.4%)			
Total amount recognised in the STRGL					
Amounts (£'000)	(3,504)	(5,476)			
Percentage of the present value of the scheme liabilities	1.8%	2.8%			
Cumulative amount recognised in the STGRL	(42,189)	(38,685)			
Five Year History					
	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Scheme liabilities	(199,035)	(193,163)	(186,506)	(164,589)	(125,632)
Scheme assets	149,050	146,066	144,398	126,319	108,894
(Deficit)/surplus on pension plans	(49,985)	(47,097)	(42,108)	(38,270)	(16,738)
Experience gains/(losses) arising on the scheme liabilities	5,210	(764)	1,620	1,024	876

7. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Office and Computer Equipment £	Total £
Cost			
At 1 January 2012	213,610	106,710	320,320
Additions	59,477	-	59,477
Disposals	-	-	-
At 31 December 2012	<u>273,087</u>	<u>106,710</u>	<u>379,797</u>
Accumulated depreciation			
At 1 January 2012	52,388	31,706	84,094
Charge for the year	44,485	35,412	79,897
Disposals	-	-	-
At 31 December 2012	<u>96,873</u>	<u>67,118</u>	<u>163,991</u>
Net book value			
At 31 December 2012	<u>176,214</u>	<u>39,592</u>	<u>215,806</u>
At 31 December 2011	<u>161,222</u>	<u>75,004</u>	<u>236,226</u>

8. DEBTORS

	2012 £	2011 £
Trade debtors	418,245	296,937
Other debtors	7,200	8,200
Recoverable VAT	-	76,369
Accrued income	234,777	317,817
Amount owed by the RSPCA	497,825	192,483
	<u>1,158,047</u>	<u>891,806</u>

All debtors are recoverable within one year

NOTES TO THE ACCOUNTS (continued)

Year ended 31 December 2012

9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	14,676	67,593
Payable VAT	44,777	-
Accruals and deferred income	935,194	607,478
	<u>994,647</u>	<u>675,071</u>

Movement on deferred income	2012 £	2011 £
Deferred income at 01/01/2011	8,456	19,800
Released during the year	(8,456)	(19,800)
Deferred during the year	13,899	8,456
Deferred income at 31/12/2012	<u>13,899</u>	<u>8,456</u>

10. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Authorised 100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Called up, allotted and fully paid 2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

11. ULTIMATE PARENT ENTITY AND CONTROLLING ENTITY

The company's ultimate parent and controlling entity is the Royal Society for the Prevention of Cruelty to Animals ("RSPCA"), a registered charity in Great Britain. Copies of consolidated accounts are available from RSPCA, Wilberforce Way, Southwater, Horsham West Sussex, RH13 9RS. There is no intermediate parent company.

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 "Related Party Transactions" that transactions with wholly owned subsidiaries do not need to disclose, and therefore transactions with the parent charity RSPCA are not disclosed.