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FREEDOM FOOD LIMITED

Directors' and Trustees' Report and Accounts for 2014



**Freedom Food Limited
Wilberforce Way
Southwater
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 2014**CONTENTS**

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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 C Laurence
Ms M Parker
Ms J Tredgett
Mr T Vaughan

SECRETARY:

Chalfen Secretaries Limited

CHIEF EXECUTIVE:

Mr J Cooper (appointed 1st April 2014)

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 2014.

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 an 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 and has charitable tax status with HMRC.

THE DIRECTORS AND TRUSTEES AND THEIR INTERESTS

At the end of 2014 there were seven Directors of the company. Since Freedom Food Limited is also a charitable company, the seven 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 G Grant	(Chief Executive of RSPCA resigned 25 February 2014)
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	

RESULTS AND ACTIVITIES

The results for 2014 show a surplus of £100,947 against a surplus of £29,278 in 2013. Licence fee, Membership and assessment revenue was up 0.6% from 2013. We are aware of an estimated 1,886 products that bore the Freedom Food label during 2014 compared with 1,000 in 2013. The products that are labelled Freedom Food increase the choice that the public can exercise when purchasing animal products.

A total of in excess of 40 million terrestrial animals and 324 million fish benefited from the scheme (40 million terrestrial animals and 172 million fish in 2013; the increase in fish on last year is due to growth of existing customers and the trout species being introduced to the scheme in 2014).

The charity gained an additional 129 net members during the year compared with an additional 9 in 2013 resulting in a total of 3,428 members by the end of 2014. This is a 23% increase on 2014's target of 105 net members. Total expenditure in 2014 was £2.1 million compared with £2.4 million in 2013.

Freedom Food continues to be a very important means by which the RSPCA seeks to promote higher welfare for farmed animals. Almost a 1/3 of UK pigs are now covered by the scheme, 70% of Scottish salmon and 50% of the UK's egg laying hens are reared to RSPCA welfare standards. There was a 48% increase on 2013 in the number of turkeys under the Freedom Food scheme. McDonald's switched to 100% Freedom Food pork across its entire British menu (including Northern Ireland). New versions of RSPCA welfare standards were also produced in 2014 for pigs and trout.

Scotland

In 2014 there were 57 new members joining the scheme in Scotland and 80 that left during the year, taking the membership total to 500 by the end of 2014. This is a decrease in total membership of 23 when compared with 2013.

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 event 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 (£330,000). At 31 December 2014 the reserve stood at £491,199.

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.

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

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. Freedom Food and RSPCA staff also work closely in managing the most effective implementation of the RSPCA's objectives for farm animals. Freedom Food Limited moved to RSPCA's Southwater headquarters in mid November 2013 and has contributed towards shared resources since.

RISK AND OBJECTIVES FOR THE UPCOMING YEAR

The major risk facing Freedom Food is a possible disease outbreak that would lead to restricting access to farms that would potentially compromise our inspection regime and impact on brand integrity. The Board of Freedom Food reviews the operations and potential for any risk that face the ability of Freedom Food to meet its objectives. These risks are reviewed annually.

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.

All of the current directors have taken all the steps to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of the information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

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



M Tomlinson
Chairman

Date: 1st APRIL 2015

DIRECTORS' AND TRUSTEES' STATEMENT OF RESPONSIBILITIES

The Trustees are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees 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 charity and of the incoming resources and application of resources, including the income and expenditure of the charity for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity 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 2014 which comprise the Statement of Financial Activities, including the 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 Financial Reporting Council's (FRC'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 FRC'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 2014 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 matter 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.

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; or
- The directors were not entitled to prepare the financial statements and the directors' report in accordance with the exemption small companies' regime and to the exemption from the requirement to prepare a strategic report.



Andrew Stickland
Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom
Date: 2 April 2015

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 2014

	Note	2014 £	2013 £
INCOMING RESOURCES			
Incoming resources from generated funds			
Voluntary income			
Grants receivable	2	0	250,004
Donated Services	2	336,000	330,000
Incoming resources from Charitable Activities	3		
Sale of goods and other income		39,592	11,947
Fees and charges		1,772,186	1,794,323
TOTAL INCOMING RESOURCES		<u>2,147,778</u>	<u>2,386,274</u>
RESOURCES EXPENDED			
Charitable activities	4	2,037,174	2,348,248
Governance costs	4	9,657	8,748
TOTAL RESOURCES EXPENDED		<u>2,046,831</u>	<u>2,356,996</u>
Net income for the year		100,947	29,278
Reconciliation of funds			
Total funds brought forward		540,460	511,182
Total funds carried forward		<u>641,407</u>	<u>540,460</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 15 form part of these accounts.

Company No: 2723670

BALANCE SHEET **31 December 2014**

	Note	2014	2013
		£	£
FIXED ASSETS			
Tangible Assets	7	150,209	166,391
CURRENT ASSETS			
Debtors	8	488,761	804,364
Cash at bank and in hand		<u>273,387</u>	<u>399,004</u>
		762,148	1,203,368
CREDITORS: amounts falling due within one year	9, 10	<u>270,950</u>	<u>829,299</u>
NET CURRENT ASSETS		491,198	374,069
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>641,407</u></u>	<u><u>540,460</u></u>
CAPITAL FUNDS			
Called up share capital	11	2	2
Unrestricted funds		641,405	540,458
TOTAL SHAREHOLDER'S FUNDS		<u><u>641,407</u></u>	<u><u>540,460</u></u>

These accounts have been prepared in accordance with the the provisions applicable to companies subject to the small companies regime.

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

..... 1st APRIL 2015

Signed on behalf of the Board of Directors by



M S Tomlinson
Director and Chairman of the Board

The notes on pages 10 to 15 form part of these accounts.

NOTES TO THE ACCOUNTS

Year ended 31 December 2014

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.

Gifts in kind are included at market value.

Resources Expended

Included in the 'Costs Charitable activities' are the direct costs of the Assessors and the support costs of the Administration and Marketing departments.

Governance costs consist of the auditors remuneration and the Directors and Trustees expenses.

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 2014****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

	2014	2013
	£	£
Grant income from RSPCA	<u>0</u>	<u>250,004</u>

Grant income is paid by the RSPCA to Freedom Food Limited to support the charitable company's activities, no grant was taken in 2014.

Donated services & facilities

	2014	2013
	£	£
RSPCA Livestock Officers	<u>336,000</u>	<u>330,000</u>
	<u>336,000</u>	<u>330,000</u>

RSPCA Livestock Officers numbered 6 during 2014 (6 in 2013).

3. INCOME FROM CHARITABLE ACTIVITIES

	2014	2013
	£	£
Sale of goods and other income	<u>39,592</u>	<u>11,947</u>
Fees and charges		
Assessments	626,716	660,260
License fees	<u>1,145,470</u>	<u>1,134,063</u>
	<u>1,772,186</u>	<u>1,794,323</u>
Total income from charitable activities	<u>1,811,778</u>	<u>1,806,270</u>

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

4. RESOURCES EXPENDED

	2014	2014	2014
	Direct	Support	Total
	£	£	£
Costs of Charitable activities			
Farm animal welfare	<u>737,201</u>	<u>1,299,973</u>	<u>2,037,174</u>
	2013	2013	2013
	Direct	Support	Total
	£	£	£
Farm animal welfare	<u>693,428</u>	<u>1,654,820</u>	<u>2,348,248</u>

NOTES TO THE ACCOUNTS (continued)**Year ended 31 December 2014****4. RESOURCES EXPENDED (continued)**

Governance	2014	2013
	£	£
Auditors' remuneration-Audit Fees	9,000	8,000
Directors' and Trustees' expenses	657	748
	<u>9,657</u>	<u>8,748</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.

Travel and subsistence payments to 1 of the 8 trustees totalled £657.

5. INFORMATION REGARDING EMPLOYEES AND DIRECTORS

	2014	2013
	No.	No.
Average number of persons employed		
Assessments, marketing and publicity	19	20
Support, management and administration	9	9
	<u>28</u>	<u>29</u>

	2014	2013
	£	£
Staff costs during the year		
Wages and salaries	818,473	808,377
Social security costs	68,630	66,265
Pension costs	105,221	89,812
	<u>992,324</u>	<u>964,454</u>

In 2014 one employee earned between £70,000 and £80,000

Contribution to the pension scheme for this highest paid member amounted to £11,606 in 2014 (2013 - £7,345).

6. PENSIONS: RSPCA Pension Fund including Freedom Food Limited

The RSPCA operates a pension scheme which has two sections. One, closed to new entrants, provides benefits on a defined benefit basis and an open section providing benefits on a defined contribution basis. The scheme is under the control of an independent trustee company. Details of each section are provided below.

Defined Contribution Scheme

The defined contribution scheme was established on 1 April 2008. The Society contributes 11% of salary for scheme members who opt out of smart pensions and 15.5% of salary for all other members.

The employee contribution is 4.5% of salary for members who opt out of smart pensions and nil for all other members.

In 2014, the Society's contribution to the scheme was £1,580k (2013, £1,636k).

There were no outstanding contributions at year end.

Defined Benefit Scheme

In order to manage the pension fund deficit, the defined benefit section was closed to new employees from 1 April 2008. Also at that point, the scheme was altered from a final salary to a career average benefit and annual increases in pension payments (linked to the retail price index) were capped at 2.5%.

The Society contributes 15.1% (10.8% until July 2013) of salary for scheme members who opt out of smart pensions and 21.1% (16.8% until July 2013) for all other members. The employee contribution is 6.0% of salary for members who opt out of smart pensions and nil for all other members. In 2014, the Society's contribution to the scheme was £3,831k (2013, £2,676k). In addition as part of the recovery plan to address the defined benefit deficit, a further contribution of £2,000k (2013, £11,950k) was made. There were no contributions outstanding at year end.

The scheme is valued annually as at 31 December for the purpose of the accounts. The 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 triennial valuation which provides the basis for agreeing future contribution levels. The latest triennial valuation was carried out as at 31 March 2012.

Security of assets

The assets of the scheme are held separately from those of the Society and are invested in a wide range of securities, as set out in the following disclosures.

NOTES TO THE ACCOUNTS (continued)**Year ended 31 December 2014****6. PENSIONS: RSPCA Pension Fund including Freedom Food Limited (CONTINUED)**

MAIN FINANCIAL ASSUMPTIONS	31 December 2014 (% p.a.)	31 December 2013 (% p.a.)
Inflation	3.0	3.4
Rate of general long term increase in salaries	3.0	4.4
Rate of increase to pensions in payment:		
LPI 5%	2.9	3.3
LPI 2.5%	2.0	2.2
Discount rate for scheme liabilities	3.6	4.5

	VALUE AT 31 December 2014 £'000s	VALUE AT 31 December 2013 £'000s
Equities	70,710	66,477
Government bonds	9,937	14,242
Corporate Bonds	21,571	18,166
Property	14,873	12,038
LDI fund	43,383	30,824
Total Return fund	41,937	39,078
Cash/money market	2,562	3,083
Total market value of assets	204,973	183,908

From 1 January 2015 the new accounting standard FRS102 comes into effect. Under this standard it is no longer possible to take advance credit for anticipated investment outperformance above that expected from AA rated corporate bonds. Therefore the expected return used at 31 December 2014, is 3.6% which is equal to the discount rate. At 31 December 2013 the expected rates of return for each asset class ranged from 0.5% to 8.2%. The weighted average expected rate of return was 6.5%.

Mortality assumptions

90% of the SAPS S1PxA 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.

	2014		2013	
	MALE	FEMALE	MALE	FEMALE
Retired member	23.3	25.4	23.2	25.2
Member not yet retired	24.7	26.9	24.6	26.8

RECONCILIATION TO BALANCE SHEET	VALUE AT 31 DECEMBER 2014 £'000	VALUE AT 31 DECEMBER 2013 £'000
Total market value of assets	204,973	183,908
Present value of scheme liabilities	(263,522)	(239,087)
Net pension asset/liability	(58,549)	(55,179)

	FOR YEAR ENDING 31 DECEMBER 2014 £'000	FOR YEAR ENDING 31 DECEMBER 2013 £'000
Analysis of amount charged to resources expended		
Current service costs	6,210	5,944
Total operating charge	6,210	5,944
Analysis of amount credited to resources expended		
Expected return on pension scheme assets	12,363	8,280
Interest on pension scheme liabilities	(10,786)	(8,404)
Net return	1,577	(124)

Analysis of amount recognised in statement of total recognised gains and losses

Actual return less expected return on pension scheme assets	7,932	15,667
Experience gains/(losses) arising on the scheme liabilities	127	700
Changes in assumptions underlying the present value of the scheme liabilities	(12,872)	(31,254)
Actuarial gain/(loss) recognised in STRGL	(4,813)	(14,887)
Actual return on pension scheme assets	20,295	23,947

	FOR YEAR ENDING 31 DECEMBER 2014 £'000	FOR YEAR ENDING 31 DECEMBER 2013 £'000
Analysis of movement in surplus during the year		
Deficit in the scheme at beginning of the year	(55,179)	(49,985)
Current service cost	(6,210)	(5,944)
Contributions	6,076	15,761
Other Finance income	1,577	(124)
Actuarial (loss) on defined benefit pension scheme	(4,813)	(14,887)
Deficit in the scheme at end of year	(58,549)	(55,179)

Reconciliation of assets during the year

Assets at beginning of the period	183,908	149,050
Employer contributions	6,076	15,761
Employee contributions	3	3
Benefits paid	(5,133)	(4,731)
Net transfers (out)	(176)	(122)
Expected return on plan assets	12,363	8,280
Assets outperformance	7,932	15,667
Assets at end of year	204,973	183,908

NOTES TO THE ACCOUNTS (continued)**Year ended 31 December 2014****6. PENSIONS: RSPCA Pension Fund including Freedom Food Limited (CONTINUED)****Expected company contributions over the next year**

Over the next year RSPCA is expected to pay £1.5m, plus a minimum of £0.5m in contributions into the scheme. This is in accordance with the agreed Contribution Schedule and Recovery Plan.

	2014	2013
	£'000	£'000
Reconciliation of liabilities during the year		
Liabilities at beginning of period	(239,087)	(199,035)
Operating charge	(6,210)	(5,944)
Employee contributions	(3)	(3)
Interest cost	(10,786)	(8,404)
Benefits paid	5,133	4,731
Net transfers in	176	122
Actuarial (loss)	(12,745)	(30,554)
Liabilities at end of year	(263,522)	(239,087)

History of experience gains and losses

Difference between expected and actual return on scheme assets:

Amount (£'000)	7,932	15,667
Percentage of scheme assets	3.9%	8.50%
Experience gains (losses) on scheme liabilities:		
Amount (£'000)	127	700
Percentage of the present value of the scheme liabilities	0.0%	0.3%
Total amount recognised in the STRGL		
Amount (£'000)	(4,813)	(14,887)
Percentage of the present value of the scheme liabilities	1.8%	6.2%
Cumulative amount recognised in the STGRL	(61,889)	(57,076)

Five Year History

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Present value of plan liabilities	(263,522)	(239,087)	(199,035)	(193,163)	(186,506)
Market value of plan assets	204,973	183,908	149,050	146,066	144,398
(Deficit)/surplus on pension plans	(58,549)	(55,179)	(49,985)	(47,097)	(42,108)
Experience gains/(losses) arising on the scheme liabilities	127	700	5,210	(764)	1,620

7. TANGIBLE FIXED ASSETS

	Motor Vehicles	Office and Computer Equipment	Total
	£	£	£
Cost			
At 1 January 2014	242,648	75,238	317,886
Additions	39,503	8,239	47,742
Disposals	(20,681)	(2,991)	(23,672)
At 31 December 2014	261,470	80,486	341,956
Accumulated depreciation			
At 1 January 2014	82,020	69,475	151,495
Charge for the year	49,770	6,955	56,725
Disposals	(13,482)	(2,991)	(16,473)
At 31 December 2014	118,308	73,439	191,747
Net book value			
At 31 December 2014	143,162	7,047	150,209
At 31 December 2013	160,628	5,763	166,391

8. DEBTORS

	2014	2013
	£	£
Trade debtors	165,321	349,236
Other debtors	7,200	7,200
Accrued income	316,240	304,800
Amount owed by the RSPCA	0	143,128
	488,761	804,364

All debtors are recoverable within one year.

NOTES TO THE ACCOUNTS (continued)**Year ended 31 December 2014****9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014	2013
	£	£
Trade creditors	35,001	68,697
Payable VAT	29,922	51,370
Accruals and deferred income	51,039	709,232
Amount owed to the RSPCA	<u>102,035</u>	<u>0</u>
	<u>217,997</u>	<u>829,299</u>

Movement on deferred income

	2014	2013
	£	£
Deferred income at 01/01/2014	28,669	13,899
Released during the year	(28,669)	(13,899)
Deferred during the year	<u>32,451</u>	<u>28,669</u>
Deferred income at 31/12/2014	<u>32,451</u>	<u>28,669</u>

10. PROVISIONS

	2014	2013
	£	£
Onerous lease provision for 4b Horsham		
Provision at 01/01/2014	0	0
Released during the year	0	0
Charged during the year	<u>52,953</u>	<u>0</u>
Balance at 31/12/2014	<u>52,953</u>	<u>n/a</u>

11. CALLED UP SHARE CAPITAL

	2014	2013
	£	£
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

12. 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.

13. 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 be disclosed, and therefore transactions with the parent charity RSPCA are not disclosed.