

Financial statements J B Shropshire & Sons Limited

For the period ended 30 April 2011

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Company No. 3516726

Company information

Company registration number: 3516726

Registered office: Hailey Farm
Barway
ELY
Cambridgeshire
CB7 5TZ

Directors: J B Shropshire
D Thompson

Secretary: D Thompson

Bankers: The Royal Bank of Scotland PLC
62/63 Threadneedle Street
PO Box 412
LONDON
EC2R 8LA

Solicitors: Rustons & Lloyd
136 High Street
NEWMARKET
Suffolk
CB8 8NN

Auditor: Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Grant Thornton House
Kettering Parkway
Kettering Venture Park
KETTERING
Northants
NN15 6XR

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Report of the directors

The directors present their annual report together with the audited financial statements for the period ended 30 April 2011

Principal activities

The principal activity of the group is farming

Review of developments and future prospects

Business Review

The group made an operating profit of £3,946,255 (2010 £3,909,360) for the period. The directors expect the group to continue to trade profitably in the future.

On 1 August 2010 J B Shropshire & Sons Limited increased its shareholding in Fenlander Ltd from 47% to 100% for an amount of £106,000.

Key performance indicators

Financial	2011	2010
Turnover (year on year increase)	22%	2%
Debtor Days	47	42
Creditor Days	76	60
Debt to equity ratio	50%	38%

In addition to the above, other KPI's, both financial and non financial, are used for management purposes.

Non financial

Maintaining health and safety standards across the group is seen as a key issue by the directors. The group continues to invest in health and welfare of its employees and customers.

Energy consumption and pollution controls are key measures. The group is committed to the continuing improvement of energy efficiency and reducing any pollution risk.

Financial Risk Management

The group uses various financial instruments including loans, cash, overdrafts and various items including trade debtors that arise directly from its operations. The main purpose of these instruments is to finance the companies' ongoing operations and capital expenditure program. Their existence exposes the group to a number of financial risks, primarily interest rate, currency and credit risk.

Interest rate risk

The group's exposure to interest rate risk is limited to that associated with the loans disclosed in note 14. An interest rate swap has been used during the period to reduce the group's interest rate exposure.

Review of developments and future prospects (continued)

Currency risk

The group is exposed to transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are managed through the use of bank accounts held in foreign currencies.

Credit risk

The group's exposure to credit risk lies principally with trade debtors. This is not considered a high risk as 50% (2010 45%) of the group's turnover is with G's Growers Limited, a cooperative with 21 active members within the UK and Spain, who via marketing agents trade with major supermarket multiples, processors and wholesale markets. The credit terms with G's Growers Limited is 28 days. Other customers' credit terms are based on payment history and reviewed on a regular basis.

Principal risks and uncertainties

The group operates in a challenging economic climate, in which inflationary pressure on costs must be balanced against the price expectations of our ultimate customers. The nature of the business, being the farming of fresh produce, means that the group is always faced with the uncertainties of the weather and its impact upon both supply of product and demand of the ultimate customers.

Post balance sheet events

On 19 May 2011 a subsidiary of J B Shropshire & Sons Limited, Chelbury Mushroom Farms Limited, purchased the trade and certain assets of Mother Earth Organic Mushrooms Limited for £692,617.

Employee involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved through consultations with employee representatives.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

Dividends

A dividend of £nil has been declared during the period (2010 £2,000,000).

Directors

The present membership of the Board is set out below, both directors served throughout the period.

J B Shropshire
D Thompson

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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 laws). 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 and profit or loss of the company and group 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, 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.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD



D Thompson
Secretary

16 January 2012



Independent Auditor's Report to the Members of J B Shropshire & Sons Limited (registered number 3516726)

We have audited the financial statements of J B Shropshire & Sons Limited for the period ended 30 April 2011 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 group's and the parent company's affairs as at 30 April 2011 and of the group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006



Independent Auditor's Report to the Members of J B Shropshire & Sons Limited (registered number 3516726)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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 requires us to report to you if, in our opinion

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

A handwritten signature in black ink that reads "John Corbishley".

John Corbishley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Registered Auditor, Chartered Accountants
Kettering

16 January 2012

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The principal accounting policies of the company have remained unchanged from previous periods and are set out below

Basis of consolidation

The group financial statements include the consolidation of the company and each of its subsidiary undertakings. All intra-group transactions have been eliminated on consolidation. In accordance with the provisions of section 408 of the Companies Act 2006, the company has not prepared its individual profit and loss account as part of these financial statements. The company's profit after tax (inclusive of a dividend received of £nil (2010 £160,000) for the year was £1,234,523 (2010 £1,196,456)

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The combinations have been accounted for on an acquisition basis.

Associates

Group

Investments in associated undertakings are carried in the consolidated balance sheet at the group's share of their net assets at the date of acquisition and of their post-acquisition retained profits or losses together with any goodwill arising on the acquisition, net of amortisation. The investor's share of the results is included within the consolidated profit and loss account.

When the group's share of losses in an associate equals or exceeds its interest in the undertaking, the group continues to recognise those losses until an irrecoverable event occurs that marks the investor's irreversible withdrawal from its investee as an associate.

Company

The company balance sheet shows the investment in associates at cost less amounts written off.

Turnover and profits

Turnover represents amounts derived from the provision of goods and services, arising in the United Kingdom, which fall within the group's ordinary activities after deduction of value added tax. The turnover shown in the profit and loss account represents total amounts invoiced during the period, to retail, wholesale, processing and other customers. The turnover and profits are entirely attributable to the group's main activity of farming.

Leases

Assets obtained under hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful economic lives. The finance leases are allocated over the period of the lease rentals in proportion to the capital element outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Tangible fixed assets and Depreciation

Depreciation of tangible fixed assets is provided on the following basis

Freehold property	land nil, buildings 10-20 years straight line on cost
Leasehold property improvements	10-25 years straight line on cost
Other plant and machinery	25% reducing balance and 3-10 years straight line on cost

Investments

Investments held as fixed assets are stated at cost less provisions for any impairment value

Intangible fixed assets

Amortisation is provided on sugar beet quota over 5 years straight line on cost

Amortisation is provided on single farm payment (SFP) entitlements over 8 years ending in 2012 straight line on cost

Goodwill

Goodwill arising on consolidation representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life. Negative goodwill is similarly capitalised and credited to the profit and loss account over the directors' estimated useful economic life

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallize based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

Contributions to pension schemes

The company operates a defined contribution pension scheme. Payments are charged to the profit and loss account as they accrue

Government grants

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Single payment

Single payments are receivable on an annual basis. The annual payment only becomes receivable once the occupation period has been completed. Once the occupation period is completed, the income is recognised.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Consolidated profit and loss account

	Note	Period to 30 April 2011 £	Period to 1 May 2010 £
Turnover	1		
Continuing operations		76,603,755	65,049,826
Acquisitions		2,733,622	-
		<u>79,337,377</u>	<u>65,049,826</u>
Cost of sales		<u>76,009,903</u>	<u>61,192,627</u>
Gross profit		3,327,474	3,857,199
Administrative expenses		2,234,712	1,232,441
Operating income		<u>(2,853,493)</u>	<u>(1,284,602)</u>
Operating profit	1		
Continuing operations		3,968,202	3,909,360
Acquisitions		<u>(21,947)</u>	<u>-</u>
Group operating profit		3,946,255	3,909,360
Share of operating profit of associate		-	(79,441)
Dividends received		-	(296)
Interest payable	3	220,327	213,227
Interest payable - associate		-	79,841
Interest receivable		<u>(57,337)</u>	<u>(221,248)</u>
Profit on ordinary activities before taxation		3,783,265	3,917,277
Tax on profit on ordinary activities	4	1,362,219	1,111,020
Tax on profit on ordinary activities of associate		-	-
Profit for the financial period		2,421,046	2,806,257
Minority interests	19	<u>131,737</u>	<u>217,924</u>
Retained profit for the financial period	18	<u><u>2,289,309</u></u>	<u><u>2,588,333</u></u>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the period as set out above

The accompanying accounting policies and notes form part of these financial statements.

Consolidated balance sheet

	Note	30 April 2011	1 May 2010
		£	£
Fixed assets			
Intangible assets	7	40,849	61,273
Tangible assets	8	12,993,848	11,814,619
Other investments	9	3,003,286	228,011
Associate			
- loans to associate	-	1,150,000	
- share of gross assets	-	1,697,370	
- share of gross liabilities	-	(1,693,711)	1,153,659
		16,037,983	13,257,562
Current assets			
Stocks	10	6,820,736	4,700,053
Debtors			
Due within one year	11	11,276,145	7,410,807
Due after one year	11	2,506,894	-
Cash at bank and in hand		4,049,978	1,389,680
		24,653,753	13,500,540
Creditors: amounts falling due within one year	12	(18,345,618)	(11,823,943)
Net current assets		6,308,135	1,676,597
Total assets less current liabilities		22,346,118	14,934,159
Creditors: amounts falling due after more than one year	13	(9,015,968)	(4,036,658)
Provisions for liabilities	15	(161,425)	(149,822)
		13,168,725	10,747,679
Capital and reserves			
Called up share capital	17	2,300,000	2,300,000
Profit and loss account	18	10,421,249	8,131,940
Shareholders' funds	20	12,721,249	10,431,940
Minority interests	19	447,476	315,739
		13,168,725	10,747,679

These financial statements were approved and authorised for issue by the directors on and are signed on their behalf by

16 / 1 / 2012



J B Shropshire
Director

Registration number 3516726

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	30 April 2011 £	1 May 2010 £
Fixed assets			
Intangible assets	7	40,849	61,273
Tangible assets	8	2,108,199	2,197,134
Investments in subsidiaries	9	2,590,341	2,429,341
Investments in associate	9	-	94,000
Other investments	9	3,003,285	228,010
		<u>7,742,674</u>	<u>5,009,758</u>
Current assets			
Stocks	10	2,635,180	2,520,482
Debtors			
Due within one year	11	3,162,559	2,626,283
Due after one year	11	8,206,894	5,600,000
Cash at bank and in hand		3,828,421	1,210,686
		<u>17,833,054</u>	<u>11,957,451</u>
Creditors, amounts falling due within one year	12	<u>(9,369,334)</u>	<u>(6,206,239)</u>
Net current assets		<u>8,463,720</u>	<u>5,751,212</u>
Total assets less current liabilities		<u>16,206,394</u>	<u>10,760,970</u>
Creditors: amounts falling due after more than one year	13	<u>(8,033,169)</u>	<u>(3,822,268)</u>
		<u>8,173,225</u>	<u>6,938,702</u>
Capital and reserves			
Called up share capital	17	2,300,000	2,300,000
Profit and loss account	18	5,873,225	4,638,702
Shareholders' funds	20	<u>8,173,225</u>	<u>6,938,702</u>

These financial statements were approved and authorised for issue by the directors on
and are signed on their behalf by

16/1/2012



J B Shropshire
Director

Registration number 3516726

The accompanying accounting policies and notes form part of these financial statements.

Consolidated cashflow statement

	Note	Period to 30 April 2011 £	Period to 1 May 2010 £
Net cash inflow from operating activities	21	3,923,983	4,357,087
Return on investments and servicing of finance			
Interest paid		(192,931)	(203,991)
Hire purchase interest paid		(27,396)	(9,236)
Interest received		57,337	221,248
Dividends paid		-	(2,000,000)
Dividends paid to minority interest		-	(40,000)
Dividends received		-	296
Net cash outflow from returns on investments and servicing of finance		(162,990)	(2,031,683)
Taxation		(1,457,429)	(1,157,961)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,410,060)	(3,270,569)
Receipts from sales of tangible fixed assets		621,030	459,469
Net cash outflow from capital expenditure and financial investment		(789,030)	(2,811,100)
Acquisition and disposals			
Acquisition of subsidiary		(41,897)	-
Cash from acquisition of subsidiary		508,196	-
Acquisition of investments		(3,000,000)	-
Net cash outflow from acquisitions and disposals		(2,533,701)	-
Net cash (outflow)/inflow before financing		(1,019,167)	(1,643,657)
Financing			
Receipts from borrowings		4,998,040	-
Bank loan repayments		(766,139)	(1,530,070)
Movement in associate loans		-	250,000
Issue of share capital		-	2,000,000
Capital element of hire purchase payments		(552,436)	(147,934)
Net cash inflow from financing		3,679,465	571,996
Increase/(decrease) in cash	23	2,660,298	(1,071,661)

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover and operating profit

The turnover and operating profit are attributable to farming within the United Kingdom

Operating profit is stated after charging/(crediting)

	Period to 30 April 2011 £	Period to 1 May 2010 £
Auditor's remuneration		
Audit services	37,750	27,750
Non-audit services	9,500	10,240
Depreciation		
Owned assets	1,714,543	1,480,146
Leased assets	367,869	89,156
Amortisation	(51,796)	20,424
Impairment losses	130,725	7,922
Rentals under operating leases	1,511,406	1,379,162
Government grants received	(796,410)	(582,715)
Loss/(profit) on foreign exchange	4,044	(169,168)

The costs shown for continuing operations include the following in respect of acquisitions

	2011 £
Cost of sales	2,766,623
Other operating income and charges	
Administrative expenses	105,385
Other operating income	(116,439)
	(11,054)

2 Directors and employees

Staff costs during the period were as follows

	Period to 30 April 2011 £	Period to 1 May 2010 £
Wages and salaries	11,945,831	10,557,808
Social security costs	1,127,542	937,918
Pensions	140,707	151,138
	13,214,080	11,646,864

Directors and employees (continued)

The average number of staff employed by the group during the financial period amounted to

	2011	2010
	No	No
Directors	6	5
Other	627	582
	<u>633</u>	<u>587</u>

Remuneration in respect of directors was as follows

	Period to 30 April 2011	Period to 1 May 2010
	£	£
Emoluments	246,171	211,247
Pension contributions	11,849	39,764
	<u>258,020</u>	<u>251,011</u>

During the period 2 directors (2010 2) participated in money purchase pension schemes

The amounts set out above include remuneration in respect of the highest paid director as follows

	Period to 30 April 2011	Period to 1 May 2010
	£	£
Emoluments	213,771	138,709
Pension contributions	11,849	39,764

The directors Mr J B Shropshire and Mr D Thompson are also directors of the subsidiary companies, Riverfen Farms Limited, Cotswold Compost Ltd (formerly Stretham Farms Limited), Barway Farms Limited and Sandfields Farms Limited. However, it is not practicable to allocate their remuneration between their services as directors of J B Shropshire & Sons Limited and their services as directors to the subsidiaries.

3 Interest payable and similar charges

	Period to 30 April 2011	Period to 1 May 2010
	£	£
Bank interest	50,928	136,444
Hire purchase interest	27,396	9,236
Other interest	142,003	67,547
	<u>220,327</u>	<u>213,227</u>

4 Taxation on profit on ordinary activities

(a) The tax charge is based on the profit for the period and represents

	Period to 30 April 2011 £	Period to 1 May 2010 £
Corporation tax payable at 28% (2010 28%)	1,585,044	1,227,369
Adjustment in respect of prior periods	(22,743)	47,226
Total current tax	<u>1,562,301</u>	<u>1,274,595</u>
Deferred taxation		
Origination and reversal of timing differences	(42,379)	(42,462)
Short term timing differences	(202,249)	-
Adjustment in respect of prior periods	44,546	(121,113)
	<u>1,362,219</u>	<u>1,111,020</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period differs from the standard rate of corporation tax applying in the UK of 28% (2010 28%) The difference is explained below

	Period to 30 April 2011 £	Period to 1 May 2010 £
Profit on ordinary activities before taxation	<u>3,783,265</u>	<u>3,917,277</u>
Profit on ordinary activities by rate of tax	1,059,314	1,096,838
Expenses not deductible for tax purposes	180,240	65,592
Differences between capital allowances and depreciation	72,119	37,520
Tax losses available	26,321	-
Other timing differences	247,050	27,419
Adjustments in respect of prior periods	(22,743)	47,226
Total current tax	<u>1,562,301</u>	<u>1,274,595</u>

5 Result for the financial period

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements The parent's result for the year was a profit of £1,234,523 (2010 £1,196,456)

6 Dividends

Dividends on shares classed as equity

	Period to 30 April 2011 £	Period to 1 May 2010 £
Paid during the period		
Equity dividends on ordinary shares	-	2,000,000

7 Intangible fixed assets

The Group

	Negative goodwill £	Tenancy £	Sugar beet quota £	SPS entitlement £	Total £
Cost					
At 2 May 2010	-	1,250,000	30,152	118,803	1,398,955
Additions	(72,220)	-	-	-	(72,220)
At 30 April 2011	<u>(72,220)</u>	<u>1,250,000</u>	<u>30,152</u>	<u>118,803</u>	<u>1,326,735</u>
Depreciation					
At 2 May 2010	-	1,250,000	30,152	57,530	1,337,682
Charge for the period	-	-	-	20,424	20,424
Written back in period	(72,220)	-	-	-	(72,220)
At 30 April 2011	<u>(72,220)</u>	<u>1,250,000</u>	<u>30,152</u>	<u>77,954</u>	<u>1,285,886</u>
Net book value					
At 30 April 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,849</u>	<u>40,849</u>
At 1 May 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,273</u>	<u>61,273</u>

The Company

	Tenancy £	SPS entitlement £	Total £
Cost			
At 2 May 2010 and 30 April 2011	<u>1,250,000</u>	<u>118,803</u>	<u>1,368,803</u>
Depreciation			
At 2 May 2010	1,250,000	57,530	1,307,530
Charge for the period	-	20,424	20,424
At 30 April 2011	<u>1,250,000</u>	<u>77,954</u>	<u>1,327,954</u>
Net book value			
At 30 April 2011	<u>-</u>	<u>40,849</u>	<u>40,849</u>
At 1 May 2010	<u>-</u>	<u>61,273</u>	<u>61,273</u>

8 Tangible fixed assets

The Group

	Freehold Property £	Leasehold Property Improve- ments £	Plant & Machinery £	Total £
Cost				
At 2 May 2010	8,243,304	1,719,622	9,489,393	19,452,319
Additions	151,027	94,174	2,002,212	2,247,413
Acquisition of subsidiary undertaking	-	-	1,767,066	1,767,066
Disposals	(88,188)	-	(825,008)	(913,196)
At 30 April 2011	<u>8,306,143</u>	<u>1,813,796</u>	<u>12,433,663</u>	<u>22,553,602</u>
Depreciation				
At 2 May 2010	797,285	608,236	6,232,179	7,637,700
Charge for the period	285,638	301,320	1,495,454	2,082,412
Acquisition of subsidiary undertaking	-	-	430,523	430,523
Eliminated on disposals	-	-	(590,881)	(590,881)
At 30 April 2011	<u>1,082,923</u>	<u>909,556</u>	<u>7,567,275</u>	<u>9,559,754</u>
Net book value				
At 30 April 2011	<u>7,223,220</u>	<u>904,240</u>	<u>4,866,388</u>	<u>12,993,848</u>
At 1 May 2010	<u>7,446,019</u>	<u>1,111,386</u>	<u>3,257,214</u>	<u>11,814,619</u>

Included within the net book value is £2,656,354 (2010 £613,810) relating to assets held under finance leases and hire purchase agreements. Depreciation of £367,869 (2010 £89,156) was charged on these assets during the period.

Included within freehold property is land at cost of £1,484,448 (2010 £1,534,448). The land is not being depreciated.

Tangible fixed assets (continued)

The Company

	Freehold Property £	Plant & Machinery £	Total £
Cost			
At 2 May 2010	2,621,015	67,696	2,688,711
Additions	33,527	2,281	35,808
Disposals	-	(17,539)	(17,539)
At 30 April 2011	<u>2,654,542</u>	<u>52,438</u>	<u>2,706,980</u>
Depreciation			
At 2 May 2010	431,103	60,474	491,577
Charge for the period	119,836	4,907	124,743
Eliminated on disposals	-	(17,539)	(17,539)
At 30 April 2011	<u>550,939</u>	<u>47,842</u>	<u>598,781</u>
Net book value			
At 30 April 2011	<u>2,103,603</u>	<u>4,596</u>	<u>2,108,199</u>
At 1 May 2010	<u>2,189,912</u>	<u>7,222</u>	<u>2,197,134</u>

Included within freehold property is land at cost of £517,635 (2010 £517,635) The land is not being depreciated

9 Fixed asset investments

	2011 £	The group 2010 £	2011 £	The company 2010 £
Interests in associates	-	1,153,659	-	94,000
Other fixed assets investments	3,003,286	228,011	3,003,285	228,010
Investments in subsidiaries	-	-	2,590,341	2,429,341
	<u>3,003,286</u>	<u>1,381,670</u>	<u>5,593,626</u>	<u>2,751,351</u>

Fixed asset investments (continued)

At 30 April 2011 the group had interests in the following associate

	£
Cost or valuation	
At 2 May 2010	1,153,659
Change in status to subsidiary	(1,153,659)
At 30 April 2011	<u>-</u>
Amounts written off	
At 2 May 2010 and 30 April 2011	<u>-</u>
Net book amount at 30 April 2011	<u>-</u>
Net book amount at 1 May 2010	<u>1,153,659</u>

This investment represented 47% of the issued ordinary share capital in Fenlander Limited, a company incorporated in England, which was increased to 100% on 1 August 2010

Other fixed asset investments

	The group £	The company £
Cost		
At 2 May 2010	456,116	456,115
Additions	3,000,000	3,000,000
Disposals	(94,000)	(94,000)
At 30 April 2011	<u>3,362,116</u>	<u>3,362,115</u>
Amounts written off		
At 2 May 2010	228,105	228,105
Written off during the period	130,725	130,725
At 30 April 2011	<u>358,830</u>	<u>358,830</u>
Net book value		
At 30 April 2011	<u>3,003,286</u>	<u>3,003,285</u>
At 1 May 2010	<u>228,011</u>	<u>228,010</u>

Fixed asset investments (continued)

The Company

	Shares in group undertakings £
At 1 May 2010	9,094,806
Additions	200,000
At 30 April 2011	<u>9,294,806</u>
Amounts written off	
At 2 May 2010	6,665,465
Written off during the period	39,000
At 30 April 2011	<u>6,704,465</u>
Net book value	
At 30 April 2011	<u>2,590,341</u>
At 1 May 2010	<u>2,429,341</u>

At 30 April 2011 the company held more than 20% of the allotted share capital of the following undertakings

	Country of incorporation	Class of share capital held	Proportion held	Nature of business
Subsidiary undertakings				
Riverfen Farms Limited	England	Ordinary £1	100%	Farming
Cotswold Compost Ltd (formerly Stretham Farms Limited)	England	Ordinary £1	100%	Dormant
Barway Farms Limited	England	Ordinary £1	100%	Contract Farming
Sandfields Farms Limited	England	Ordinary £0.01	80%	Farming
Buttercup Catering Limited	England	Ordinary £1	100%	Operation of a marina
Fenlander Ltd	England	Ordinary £1	100%	Farming
Chelbury Mushroom Farms Limited	England	Ordinary £1	60%	Dormant

Buttercup Catering Limited has been excluded from consolidation within the group financial statements as it is considered to be immaterial to the group

10 Stocks

	The group		The company	
	30 April	1 May	30 April	1 May
	2011	2010	2011	2010
	£	£	£	£
Finished goods	1,928,955	374,024	205,804	456,433
Work in progress	4,281,581	3,387,710	2,429,376	2,064,049
Raw materials and consumables	610,200	938,319	-	-
	<u>6,820,736</u>	<u>4,700,053</u>	<u>2,635,180</u>	<u>2,520,482</u>

11 Debtors

	The group		The company	
	30 April	1 May	30 April	1 May
	2011	2010	2011	2010
	£	£	£	£
Due within one year				
Trade debtors	6,332,057	4,545,979	42,882	950,548
Amounts owed by related parties	881,817	-	896,665	-
Amounts owed by associate	-	-	-	1,056,000
Other debtors	3,640,510	2,364,885	1,993,698	119,792
Prepayments and accrued income	229,313	499,943	229,314	499,943
Deferred tax asset (note 15)	192,448	-	-	-
	<u>11,276,145</u>	<u>7,410,807</u>	<u>3,162,559</u>	<u>2,626,283</u>
Due after one year				
Amounts owed by subsidiary undertakings	-	-	5,700,000	5,600,000
Amounts owed by related party	2,506,894	-	2,506,894	-
	<u>2,506,894</u>	<u>-</u>	<u>8,206,894</u>	<u>5,600,000</u>

12 Creditors: amounts falling due within one year

	The group		The company	
	30 April	1 May	30 April	1 May
	2011	2010	2011	2010
	£	£	£	£
Bank loans	769,355	748,355	769,355	748,355
Obligations under hire purchase contracts	754,814	174,246	-	-
Trade creditors	9,685,013	5,367,728	3,985,757	1,196,345
Amounts owed to subsidiary undertakings	-	-	3,205,288	3,499,988
Corporation tax	986,113	881,241	337,975	203,261
Other tax and social security	289,614	240,056	15,969	22,417
Other creditors	1,834,120	1,187,200	201,114	136,823
Accruals	4,026,589	3,225,117	853,876	399,050
	<u>18,345,618</u>	<u>11,823,943</u>	<u>9,369,334</u>	<u>6,206,239</u>

13 Creditors: amounts falling due after more than one year

	The group		The company	
	30 April	1 May	30 April	1 May
	2011	2010	2011	2010
	£	£	£	£
Bank loans	2,504,961	3,292,100	2,504,961	3,292,100
Amounts owed to JBS Farming	3,021,314	530,168	3,021,314	530,168
Obligations under hire purchase agreements	982,799	214,390	-	-
Amounts owed to related party	2,506,894	-	2,506,894	-
	<u>9,015,968</u>	<u>4,036,658</u>	<u>8,033,169</u>	<u>3,822,268</u>

14 Borrowings

	The group		The company	
	30 April	1 May	30 April	1 May
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	3,274,316	4,040,455	3,274,316	4,040,455
Obligations under hire purchase contracts	1,737,613	388,636	-	-
Loan from JBS Farming	3,021,314	530,168	3,021,314	530,168
Loan from related party	2,506,894	-	2,506,894	-
	<u>10,540,137</u>	<u>4,959,259</u>	<u>8,802,524</u>	<u>4,570,623</u>
Less amounts falling due within one year	<u>1,524,169</u>	<u>922,601</u>	<u>769,355</u>	<u>748,355</u>
	<u>9,015,968</u>	<u>4,036,658</u>	<u>8,033,169</u>	<u>3,822,268</u>
Analysis of loan repayments				
Bank loans and overdrafts				
In one year or less or on demand	769,355	748,355	769,355	748,355
In more than one year but not more than two years	717,105	748,355	717,105	748,355
In more than two years but not more than five years	1,112,856	1,568,745	1,112,856	1,568,745
In more than five years	675,000	975,000	675,000	975,000
Obligations under hire purchase contracts				
In one year or less or on demand	754,814	174,246	-	-
In more than one year but not more than two years	982,799	214,390	-	-
Loan from JBS Farming				
In one year or less or on demand	-	-	-	-
In more than one year but not more than two years	3,021,314	530,168	3,021,314	530,168
Loan from G's Group Holdings Limited				
In one year or less or on demand	-	-	-	-
In more than one year but not more than two years	-	-	-	-
In more than five years	2,506,894	-	2,506,894	-
	<u>10,540,137</u>	<u>4,959,259</u>	<u>8,802,524</u>	<u>4,570,623</u>

Borrowings (continued)

The company has the following loans

- Bank loan 1 repayable in 40 quarterly instalments of £56,250 (BBR plus 0.95%) The loan is secured on land and buildings owned by the group and Mr J B Shropshire
- Bank loan 2 repayable in 39 quarterly instalments (Fixed) The loan is secured on land and buildings owned by the group and Mr J B Shropshire
- Bank loan 3 repayable in 40 quarterly instalments of £75,000 (BBR plus 0.95%) The loan is secured on land and buildings owned by the group and Mr J B Shropshire

The balance outstanding as at 30 April 2011 on the loans were as follows

	30 April 2011 £	1 May 2010 £
Bank loan 1	393,750	618,750
Bank loan 2	705,566	946,705
Bank loan 3	<u>2,175,000</u>	<u>2,475,000</u>

The company has entered into an interest rate swap on loans to the value of £965,188 which is due to mature on 26 May 2014. The fair value of the interest rate swap at the year end was £86,143 (2010 £97,112)

15 Provisions for liabilities - deferred taxation

The group	Deferred tax assets £	Deferred tax provisions £
At 2 May 2010	-	149,822
Acquisition of subsidiary undertaking	-	19,237
Short term timing differences (note 4)	(192,448)	(7,634)
At 30 April 2011	<u>(192,448)</u>	<u>161,425</u>

The amounts of deferred tax recognised in the accounts are as follows

	Deferred tax assets £	Deferred tax provisions £	Deferred tax assets £	Deferred tax provisions £
	30 April 2011	30 April 2011	1 May 2010	1 May 2010
Capital allowances in excess of depreciation	-	221,370	149,822	-
Tax losses available	-	(59,945)	-	-
Short term timing differences (note 11)	(192,448)	-	-	-
	<u>(192,448)</u>	<u>161,425</u>	<u>149,822</u>	<u>-</u>

The company had no provision for deferred taxation in either year

16 Related party transactions

The company has taken advantage of the exemption from reporting transactions with other group companies conferred by Financial Reporting Standard No 8 on the grounds that it is a parent undertaking which publishes consolidated accounts

The related parties of the group during the period were

Marblelane Limited and its subsidiaries - companies in which Mr J B Shropshire is a director
JBS Farming – a farming partnership in which Mr J B Shropshire and J B Shropshire & Sons Limited are partners
GSS Farming Limited - a company in which Mr J B Shropshire is a director
A group headed by G S Shropshire Holdings Limited - a company in which Mr J B Shropshire's brother is a director
G's Growers Limited - a company in which Mr J B Shropshire is a director

The transactions during the period with these parties and the balances outstanding with these businesses are

	30 April 2011	1 May 2010
	£	£
Total sales	68,579,899	54,921,986
Total purchases	33,350,479	21,765,454
Sale of fixed assets	1,784	17,022
Interest paid	77,686	110,579
Interest received	66,173	51,440
Balances included within trade debtors	170,027	3,000,547
Other balances included in debtors	3,877,903	-
Balances included within trade creditors	2,810,236	910,402
Other balances included in creditors	6,282,531	836,298

Included in sales and purchases are transactions which have arisen due to group purchasing policies

During the period a dividend of £nil (2010 £2,000,000) was paid to Mr J B Shropshire, a director of the company

17 Share capital

Authorised share capital

	30 April 2011	1 May 2010
	£	£
1,000,000 Ordinary £1 shares	1,000,000	1,000,000
2,000,000 Redeemable £1 preference shares	2,000,000	2,000,000

Allotted, called up and fully paid

	30 April 2011	1 May 2010
	£	£
Ordinary £1 shares	300,000	300,000
Redeemable £1 preference shares	2,000,000	2,000,000
	2,300,000	2,300,000

Share capital (continued)

The preference shares attract a fixed cumulative dividend of 3 7% per annum and are redeemable at the discretion of the company

18 Profit and loss account

	The group		The company	
	30 April	1 May	30 April	1 May
	2011	2010	2011	2010
	£	£	£	£
At 2 May 2010	8,131,940	7,543,607	4,638,702	5,442,246
Profit for the financial period	2,289,309	2,588,333	1,234,523	1,196,456
Dividend paid	-	(2,000,000)	-	(2,000,000)
At 30 April 2011	<u>10,421,249</u>	<u>8,131,940</u>	<u>5,873,225</u>	<u>4,638,702</u>

19 Minority interest

	£
At 2 May 2010	315,739
Minority interest profit for the year	131,737
At 30 April 2011	<u>447,476</u>

20 Reconciliation of movements in shareholders' funds

	The group		The company	
	30 April	1 May	30 April	1 May
	2011	2010	2011	2010
	£	£	£	£
Profit for the financial period	2,289,309	2,588,333	1,234,523	1,196,456
Dividend paid	-	(2,000,000)	-	(2,000,000)
	2,289,309	588,333	1,234,523	(803,544)
Preference shares issued	-	2,000,000	-	2,000,000
Opening shareholders' funds	10,431,940	7,843,607	6,938,702	5,742,246
Closing shareholders' funds	<u>12,721,249</u>	<u>10,431,940</u>	<u>8,173,225</u>	<u>6,938,702</u>

21 Reconciliation of operating profit to net cash inflow from operating activities

	Period to 30 April 2011 £	Period to 1 May 2010 £
Operating profit	3,946,255	3,909,360
Amortisation	(51,796)	20,424
Impairment of investment	130,725	7,922
Depreciation	2,082,412	1,569,302
Profit on sale of fixed assets	(298,715)	(176,291)
Increase in stocks	(710,885)	(215,089)
Increase in debtors	(4,949,015)	(1,336,842)
Increase in creditors	3,775,002	578,301
Net cash inflow from operating activities	<u>3,923,983</u>	<u>4,357,087</u>

22 Analysis of net debt

	At 3 May 2010 £	Cash flow £	Acquisition £	Other non cash movements £	At 30 April 2011 £
Cash at bank and in hand	1,389,680	2,660,298	-	-	4,049,978
	<u>1,389,680</u>	<u>2,660,298</u>	<u>-</u>	<u>-</u>	<u>4,049,978</u>
Debt due after one year	(3,822,268)	(4,210,901)	-	-	(8,033,169)
Debt due within one year	(748,355)	(21,000)	-	-	(769,355)
Hire purchase contracts	(388,636)	552,436	(1,064,060)	(837,353)	(1,737,613)
Total	<u>(3,569,579)</u>	<u>(1,019,167)</u>	<u>(1,064,060)</u>	<u>(837,353)</u>	<u>(6,490,159)</u>

23 Reconciliation of net cash flow to movement in net debt

	Period to 30 April 2011 £	Period to 1 May 2010 £
Increase/(decrease) increase in cash in the period	2,660,298	(1,071,661)
Cash outflow from finance leases	552,436	147,934
Cash (inflow)/outflow from financing	(4,231,901)	1,530,070
Changes in net debt resulting from cash flows	<u>(1,019,167)</u>	<u>606,343</u>
Inception of finance leases	(837,353)	(424,616)
Debt acquired with subsidiary	(1,064,060)	-
Movement in net debt in the period	<u>(2,920,580)</u>	<u>181,727</u>
Opening net debt	<u>(3,569,579)</u>	<u>(3,751,306)</u>
Closing net debt	<u>(6,490,159)</u>	<u>(3,569,579)</u>

24 Acquisition

On 1 August 2010 J B Shropshire & Sons Limited acquired 106,000 £1 ordinary shares in Fenlander Limited satisfied by £106,000 cash

The assets and liabilities of Fenlander Limited acquired were as follows

	£
Tangible fixed assets	1,336,543
Stocks	1,409,798
Debtors	1,230,769
Cash	508,196
Trade creditors	(631,467)
Finance lease creditors	(1,064,060)
Other creditors	(2,498,322)
Deferred tax provision	(19,237)
	<u>272,220</u>
Goodwill	<u>(72,220)</u>
	<u>200,000</u>
Satisfied by	
	£
Previous investment	94,000
Cash	106,000
	<u>200,000</u>

25 Capital commitments

The company had no capital commitments at 30 April 2011 or 1 May 2010

26 Commitments under operating leases

At 30 April 2011 the group and the company had commitments under non-cancellable operating leases as follows

	The group		The company	
	30 April	1 May	30 April	1 May
	2011	2010	2011	2010
	£	£	£	£
Operating leases which expire				
Within one year	1,091,406	832,490	647,406	542,490
After more than five years	420,000	641,500	420,000	460,000
	<u>1,511,406</u>	<u>1,473,990</u>	<u>1,067,406</u>	<u>1,002,490</u>

27 Contingent liabilities

The company has contingent liabilities in respect of an ultimate composite guarantee given to The Royal Bank of Scotland PLC on the bank indebtedness of Barway Farms Limited, Riverfen Farms Limited, Cotswold Compost Ltd (formerly Stretham Farms Limited) and Sandfields Farms Limited. At 30 April 2011 the net short term group borrowings outstanding were £nil (2010 £nil)

28 Ultimate controlling party

The immediate and ultimate controlling party is Mr J B Shropshire

29 Post balance sheet event

On 19 May 2011 a subsidiary of J B Shropshire & Sons Limited, Chelbury Mushroom Farms Limited, purchased the trade and certain assets of Mother Earth Organic Mushrooms Limited for £692,617