

Financial statements

J B Shropshire & Sons Limited

For the period ended 4 May 2013



Company No. 03516726

Company information

Company registration number: 03516726

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

Auditor: Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Grant Thornton House
Kettering Parkway
Kettering Venture Park
KETTERING
Northants
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Report of the directors

The directors present their annual report together with the audited financial statements for the period ended 4 May 2013

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 £5,912,838 (2012 £3,018,647) for the period. The directors expect the group to continue to trade profitably in the future

Key performance indicators

Financial	2013	2012
Turnover (year on year (decrease)/increase)	(1.0%)	0.4%
Debtor Days	43	58
Creditor Days	43	80
Debt to equity ratio	18%	20%

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 45% (2012: 50%) of the group's turnover is with G's Growers Limited, a cooperative with 19 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.

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 (2012: £nil).

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 OCTOBER 2013



Independent Auditor's Report to the Members of J B Shropshire & Sons Limited (registered number 03516726)

We have audited the financial statements of J B Shropshire & Sons Limited for the period ended 4 May 2013 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 4 May 2013 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 03516726)

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, appearing to read "John Corbishley".

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

23 October 2013.

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 for the year was £2,695,120 (2012 £1,338,795)

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 2013 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 4 May 2013 £	Period to 5 May 2012 £
Turnover	1	78,858,065	79,644,837
Cost of sales		<u>(70,660,874)</u>	<u>(74,470,763)</u>
Gross profit		8,197,191	5,174,074
Administrative expenses		5,501,977	4,795,600
Operating income		<u>(3,217,624)</u>	<u>(2,640,173)</u>
Group operating profit		5,912,838	3,018,647
Share of operating (loss)/profit of associate		<u>(259,346)</u>	28,979
Interest payable	3	860,147	324,490
Interest payable - associate		-	1,486
Interest receivable		<u>(811,395)</u>	<u>(184,681)</u>
Profit on ordinary activities before taxation		5,604,740	2,906,331
Tax on profit on ordinary activities	4	1,784,534	1,060,702
Tax on profit on ordinary activities of associate		<u>-</u>	<u>-</u>
Profit for the financial period		3,820,206	1,845,629
Minority interests	19		
Minority interest profits		(118,686)	(165,914)
Minority interest losses		<u>53,204</u>	<u>383,454</u>
		(65,482)	217,540
Retained profit for the financial period	18	<u>3,754,724</u>	<u>2,063,169</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	£	4 May 2013 £	£	5 May 2012 £
Fixed assets					
Intangible assets	7		-		938,603
Tangible assets	8		16,959,202		15,370,843
Other investments	9		5,295,019		3,000,021
Associate					
- share of gross assets		2,222,820		1,745,006	
- share of gross liabilities		(1,341,626)	881,194	(1,285,693)	459,313
			23,135,415		19,768,780
Current assets					
Stocks	10	5,720,932		7,946,924	
Debtors					
Due within one year	11	23,661,502		13,611,798	
Due after one year	11	-		2,546,176	
Cash at bank and in hand		3,988,099		437,951	
			33,370,533	24,542,849	
Creditors: amounts falling due within one year	12	(27,698,826)		(23,221,623)	
Net current assets			5,671,707		1,321,226
Total assets less current liabilities			28,807,122		21,090,006
Creditors: amounts falling due after more than one year	13	(9,646,576)		(5,954,582)	
Provisions for liabilities	15	(100,586)		(121,070)	
			19,059,960		15,014,354
Capital and reserves					
Called up share capital	17		2,300,000		2,300,000
Profit and loss account	18		16,239,142		12,484,418
Shareholders' funds	20		18,539,142		14,784,418
Minority interests	19		520,818		229,936
			19,059,960		15,014,354

These financial statements were approved and authorised for issue by the directors on 16/10/13 and are signed on their behalf by



J B Shropshire
Director

Registration number 03516726

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

Balance sheet

	Note	4 May 2013 £	5 May 2012 £
Fixed assets			
Intangible assets	7	-	20,424
Tangible assets	8	2,060,416	2,139,780
Investments in subsidiaries	9	2,453,142	2,550,941
Investments in associate	9	681,225	1,350,000
Other investments	9	5,295,000	3,000,000
		<u>10,489,783</u>	<u>9,061,145</u>
Current assets			
Stocks	10	2,244,109	3,604,447
Debtors			
Due within one year	11	18,709,491	5,060,886
Due after one year	11	2,500,000	8,957,627
Cash at bank and in hand		120,911	91,965
		<u>23,574,511</u>	<u>17,714,925</u>
Creditors: amounts falling due within one year	12	<u>(13,306,089)</u>	<u>(12,368,269)</u>
Net current assets		<u>10,268,422</u>	<u>5,346,656</u>
Total assets less current liabilities		<u>20,758,205</u>	<u>14,407,801</u>
Creditors: amounts falling due after more than one year	13	<u>(8,550,090)</u>	<u>(4,895,781)</u>
Provisions for liabilities			
Deferred tax		(975)	-
		<u>12,207,140</u>	<u>9,512,020</u>
Capital and reserves			
Called up share capital	17	2,300,000	2,300,000
Profit and loss account	18	9,907,140	7,212,020
Shareholders' funds	20	<u>12,207,140</u>	<u>9,512,020</u>

These financial statements were approved and authorised for issue by the directors on 16/10/13 and are signed on their behalf by



J B Shropshire
Director

Registration number 03516726

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

Consolidated cashflow statement

	Note	Period to 4 May 2013 £	Period to 5 May 2012 £
Net cash inflow from operating activities	21	5,427,155	3,211,972
Return on investments and servicing of finance			
Interest paid		(790,679)	(231,947)
Hire purchase interest paid		(69,468)	(92,543)
Interest received		811,395	184,681
Net cash outflow from returns on investments and servicing of finance		<u>(48,752)</u>	<u>(139,809)</u>
Taxation		(1,066,087)	(1,515,084)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(4,498,699)	(4,125,733)
Receipts from sales of tangible fixed assets		922,273	1,169,368
Net cash outflow from capital expenditure and financial investment		<u>(3,576,426)</u>	<u>(2,956,365)</u>
Acquisition and disposals			
Acquisition of associates		(681,225)	(1,350,000)
Acquisition of investments		(2,295,000)	-
Net cash outflow from acquisitions and disposals		<u>(2,976,225)</u>	<u>(1,350,000)</u>
Net cash outflow before financing		(2,240,335)	(2,749,286)
Financing			
Receipts from borrowings		6,643,653	3,359,666
Loan repayments		(760,916)	(3,351,565)
Capital element of hire purchase payments		(92,254)	(870,842)
Net cash inflow/(outflow) from financing		<u>5,790,483</u>	<u>(862,741)</u>
Increase/(decrease) in cash	23	<u>3,550,148</u>	<u>(3,612,027)</u>

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 4 May 2013 £	Period to 5 May 2012 £
Auditor's remuneration		
Audit services	55,916	69,545
Non-audit services	8,200	11,975
Depreciation		
Owned assets	1,581,978	1,778,966
Leased assets	625,413	494,741
Amortisation	1,137,003	20,425
Impairment losses		-
Rentals under operating leases	3,252,394	2,466,190
Government grants received	-	(229,407)
Profit/(loss) on foreign exchange	(105,167)	48,565

2 Directors and employees

Staff costs during the period were as follows

	Period to 4 May 2013 £	Period to 5 May 2012 £
Wages and salaries	11,711,259	13,760,134
Social security costs	830,338	1,157,092
Pensions	193,406	183,321
	12,735,003	15,100,547

Directors and employees (continued)

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

	2013	2012
	No	No
Directors	12	8
Other	599	704
	<u>611</u>	<u>712</u>

Remuneration in respect of directors was as follows

	Period to 4 May 2013	Period to 5 May 2012
	£	£
Emoluments	206,718	211,494
Pension contributions	14,000	106,840
	<u>220,718</u>	<u>318,334</u>

During the period 2 directors (2012 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 4 May 2013	Period to 5 May 2012
	£	£
Emoluments	153,043	155,499
Pension contributions	14,000	106,840

The directors Mr J B Shropshire and Mr D Thompson are also directors of the subsidiary companies, Riverfen Farms Limited, Cotswold Compost Ltd, Barway Farms Limited, Sandfields Farms Limited and Chelbury Mushroom 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 4 May 2013	Period to 5 May 2012
	£	£
Bank interest	163,672	164,274
Hire purchase interest	69,468	92,543
Other interest	627,007	67,673
	<u>860,147</u>	<u>324,490</u>

4 Taxation on profit on ordinary activities

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

	Period to 4 May 2013 £	Period to 5 May 2012 £
Corporation tax payable at 23.83% (2012: 26%)	1,867,749	1,063,337
Adjustment in respect of prior periods	(65,700)	11,613
Total current tax	1,802,049	1,074,950
Deferred taxation		
Origination and reversal of timing differences	44,451	5,640
Short term timing differences	(62,268)	-
Effect of change in tax rate	-	(12,562)
Adjustment in respect of prior periods	302	(7,326)
	1,784,534	1,060,702

(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 23.83% (2012: 26%). The difference is explained below

	Period to 4 May 2013 £	Period to 5 May 2012 £
Profit on ordinary activities before taxation	5,604,740	2,906,331
Profit on ordinary activities by rate of tax	1,335,610	755,646
Expenses not deductible for tax purposes	368,912	143,131
Differences between capital allowances and depreciation	87,341	82,022
Tax losses available	-	239,634
Utilisation of tax losses	-	(46,111)
Effect of differing tax rates	-	(15,100)
Chargeable gains	-	9,399
Other timing differences	75,886	(30,048)
Income not assessable for tax purposes	-	(75,236)
Adjustments in respect of prior periods	(65,700)	11,613
Total current tax	1,802,049	1,074,950

The effective tax rate for the period has been impacted by £1,220,451 (2012: £927,915) of taxable losses in subsidiaries that cannot be relieved against group profits. Excluding this, the effective tax rate is 28% for the period.

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 £2,695,120 (2012 £1,338,795)

6 Dividends

Dividends on shares classed as equity

	Period to 4 May 2013 £	Period to 5 May 2012 £
Paid during the period		
Equity dividends on ordinary shares	-	-

7 Intangible fixed assets

The Group

	Positive goodwill £	Negative goodwill £	Tenancy £	Sugar beet quota £	SPS entitlement £	Total £
Cost						
At 6 May 2012	918,179	(72,220)	1,250,000	30,152	118,803	2,244,914
Additions	198,400	-	-	-	-	198,400
At 4 May 2013	<u>1,116,579</u>	<u>(72,220)</u>	<u>1,250,000</u>	<u>30,152</u>	<u>118,803</u>	<u>2,443,314</u>
Depreciation						
At 6 May 2012	-	(72,220)	1,250,000	30,152	98,379	1,306,311
Charge for the period						
Amortisation	286,930	-	-	-	20,424	307,354
Impairment	829,649	-	-	-	-	829,649
At 4 May 2013	<u>1,116,579</u>	<u>(72,220)</u>	<u>1,250,000</u>	<u>30,152</u>	<u>118,803</u>	<u>2,443,314</u>
Net book value						
At 4 May 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 5 May 2012	<u>918,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,424</u>	<u>938,603</u>

The Company

	Tenancy	SPS entitlement	Total
	£	£	£
Cost			
At 6 May 2012 and 4 May 2013	<u>1,250,000</u>	<u>118,803</u>	<u>1,368,803</u>
Depreciation			
At 6 May 2012	1,250,000	98,379	1,348,379
Charge for the period	-	20,424	20,424
At 4 May 2013	<u>1,250,000</u>	<u>118,803</u>	<u>1,368,803</u>
Net book value			
At 4 May 2013	<u>-</u>	<u>-</u>	<u>-</u>
At 5 May 2012	<u>-</u>	<u>20,424</u>	<u>20,424</u>

8 Tangible fixed assets

The Group

	Assets in the Course of Construc- tion	Freehold Property	Leasehold Property Improve- ments	Plant & Machinery	Total
	£	£	£	£	£
Cost					
At 6 May 2012	844,826	9,369,851	1,921,741	14,296,160	26,432,578
Additions	521,241	880,620	381,174	2,692,451	4,475,486
Transfers	-	-	-	8,871	8,871
Disposals	(383)	(201,651)	(51,854)	(946,739)	(1,200,627)
At 4 May 2013	<u>1,365,684</u>	<u>10,048,820</u>	<u>2,251,061</u>	<u>16,050,743</u>	<u>29,716,308</u>
Depreciation					
At 6 May 2012	-	1,086,119	949,322	9,026,294	11,061,735
Charge for the period	-	282,489	46,791	1,838,663	2,167,943
Transfers	-	-	-	(14,342)	(14,342)
Eliminated on disposals	-	(1,504)	(12,530)	(444,196)	(458,230)
At 4 May 2013	<u>-</u>	<u>1,367,104</u>	<u>983,583</u>	<u>10,406,419</u>	<u>12,757,106</u>
Net book value					
At 4 May 2013	<u>1,365,684</u>	<u>8,681,716</u>	<u>1,267,478</u>	<u>5,644,324</u>	<u>16,959,202</u>
At 5 May 2012	<u>844,826</u>	<u>8,283,732</u>	<u>972,419</u>	<u>5,269,866</u>	<u>15,370,843</u>

Included within the net book value is £2,094,301 (2012 £2,706,202) relating to assets held under finance leases and hire purchase agreements. Depreciation of £625,413 (2012 £494,741) was charged on these assets during the period.

Included within freehold property is land at cost of £1,876,366 (2012 £1,010,328). The land is not being depreciated.

Tangible fixed assets (continued)

The Company

	Freehold Property £	Plant & Machinery £	Total £
Cost			
At 6 May 2012	2,778,689	52,438	2,831,127
Additions	23,118	21,457	44,575
Disposals	-	(7,746)	(7,746)
At 4 May 2013	<u>2,801,807</u>	<u>66,149</u>	<u>2,867,956</u>
Depreciation			
At 6 May 2012	641,218	50,129	691,347
Charge for the period	120,264	3,675	123,939
Eliminated on disposals	-	(7,746)	(7,746)
At 4 May 2013	<u>761,482</u>	<u>46,058</u>	<u>807,540</u>
Net book value			
At 4 May 2013	<u>2,040,325</u>	<u>20,091</u>	<u>2,060,416</u>
At 5 May 2012	<u>2,137,471</u>	<u>2,309</u>	<u>2,139,780</u>

Included within freehold property is land at cost of £508,865 (2012 £228,946) The land is not being depreciated

9 Fixed asset investments

	The group		The company	
	2013	2012	2013	2012
	£	£	£	£
Interests in associates	881,194	459,313	681,225	1,350,000
Other fixed assets investments	5,295,019	3,000,021	5,295,000	3,000,000
Investments in subsidiaries	-	-	2,453,142	2,550,941
	<u>6,176,213</u>	<u>3,459,334</u>	<u>8,429,367</u>	<u>6,900,941</u>

Fixed asset investments (continued)

At 4 May 2013 the group had interests in the following associates

	Littleport Mushroom Farms LLP £	Fiddleford Mushrooms Limited £
Cost or valuation		
At 6 May 2012	-	459,313
Additions	374,475	306,750
Share of profit/(loss) of associate	(357,121)	97,777
At 4 May 2013	<u>17,354</u>	<u>863,840</u>
Amounts written off		
At 6 May 2012 and 4 May 2013	<u>-</u>	<u>-</u>
Net book amount at 4 May 2013	<u>17,354</u>	<u>863,840</u>
Net book amount at 5 May 2012	<u>-</u>	<u>459,313</u>

The investments represented 49% of the issued ordinary share capital in Fiddleford Mushrooms Limited, a company incorporated in England and 49% of Littleport Mushroom Farms LLP, a limited liability partnership incorporated in England

Other fixed asset investments

	The group £	The company £
Cost		
At 6 May 2012	3,358,851	3,358,830
Additions	2,295,000	2,295,000
At 4 May 2013	<u>5,653,851</u>	<u>5,653,830</u>
Amounts written off		
At 6 May 2012	358,830	358,830
Written off during the period	2	-
At 4 May 2013	<u>358,832</u>	<u>358,830</u>
Net book value		
At 4 May 2013	<u>5,295,019</u>	<u>5,295,000</u>
At 5 May 2012	<u>3,000,021</u>	<u>3,000,000</u>

Fixed asset investments (continued)

The Company

	Investments in associate £	Shares in group undertakings £
At 6 May 2012	1,350,000	9,295,406
Additions	681,225	200
At 4 May 2013	2,031,225	9,295,606
Amounts written off		
At 6 May 2012	-	6,744,465
Written off during the period	1,350,000	98,000
At 4 May 2013	1,350,000	6,842,465
Net book value		
At 4 May 2013	681,225	2,453,141
At 5 May 2012	1,350,000	2,550,941

At 4 May 2013 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	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%	Dormant
Fenlander Ltd	England	Ordinary £1	100%	Farming
Chelbury Mushroom Farms Limited	England	Ordinary £1	80%	Farming
West Africa Farms Holdings Limited	England	Ordinary £1	80%	Holding company
West Africa Farms SARL	Senegal	Ordinary £1	100%	Farming
Fiddleford Mushrooms Limited	England	Ordinary £1	49%	Farming
Littleport Mushroom Farms LLP	England	n/a	n/a	Farming

10 Stocks

	The group		The company	
	4 May	5 May	4 May	5 May
	2013	2012	2013	2012
	£	£	£	£
Finished goods	884,429	1,558,006	554,094	1,187,709
Work in progress	4,289,082	5,377,930	1,690,015	2,416,738
Raw materials and consumables	547,421	1,010,988	-	-
	<u>5,720,932</u>	<u>7,946,924</u>	<u>2,244,109</u>	<u>3,604,447</u>

11 Debtors

	The group		The company	
	4 May	5 May	4 May	5 May
	2013	2012	2013	2012
	£	£	£	£
Due within one year				
Trade debtors	9,219,286	8,823,704	3,342,887	3,449,988
Amounts owed by related parties	-	-	11,295,567	-
Corporation tax recoverable	71,869	195,285	29,145	195,285
Other debtors	13,946,205	3,994,164	3,790,554	983,309
Prepayments and accrued income	260,770	432,304	251,338	432,304
Deferred tax asset (note 15)	163,372	166,341	-	-
	<u>23,661,502</u>	<u>13,611,798</u>	<u>18,709,491</u>	<u>5,060,886</u>
Due after one year				
Amounts owed by subsidiary undertakings	-	-	2,500,000	6,411,451
Amounts owed by related party	-	2,546,176	-	2,546,176
	<u>-</u>	<u>2,546,176</u>	<u>2,500,000</u>	<u>8,957,627</u>

12 Creditors: amounts falling due within one year

	The group		The company	
	4 May	5 May	4 May	5 May
	2013	2012	2013	2012
	£	£	£	£
Bank loans	5,993,272	3,764,844	3,933,599	3,473,363
Obligations under hire purchase contracts	829,401	959,340	-	-
Trade creditors	4,971,251	10,521,388	205,991	592,954
Amounts owed to subsidiary undertakings	-	-	2,564	7,600,232
Corporation tax	1,353,810	741,264	1,133,223	-
Other tax and social security	1,898,876	323,936	18,690	18,465
Other creditors	11,172,600	5,256,682	7,395,309	177,050
Accruals	1,479,616	1,654,169	616,713	506,205
	<u>27,698,826</u>	<u>23,221,623</u>	<u>13,306,089</u>	<u>12,368,269</u>

13 Creditors: amounts falling due after more than one year

	The group		The company	
	4 May 2013 £	5 May 2012 £	4 May 2013 £	5 May 2012 £
Bank loans	4,500,000	1,711,976	4,500,000	1,711,976
Amounts owed to JBS Farming	4,050,090	3,183,805	4,050,090	3,183,805
Obligations under hire purchase agreements	946,486	908,801	-	-
Amount owed to subsidiary shareholder	150,000	150,000	-	-
	<u>9,646,576</u>	<u>5,954,582</u>	<u>8,550,090</u>	<u>4,895,781</u>

14 Borrowings

	The group		The company	
	4 May 2013 £	5 May 2012 £	4 May 2013 £	5 May 2012 £
Bank loans and overdrafts	10,493,272	5,476,820	8,433,599	5,185,338
Obligations under hire purchase contracts	1,775,887	1,868,141	-	-
Loan from JBS Farming	4,050,090	3,183,805	4,050,090	3,183,805
Loan from subsidiary shareholder	150,000	150,000	-	-
	<u>16,469,249</u>	<u>10,678,766</u>	<u>12,483,689</u>	<u>8,369,143</u>
Less amounts falling due within one year	<u>6,822,673</u>	<u>4,724,184</u>	<u>3,933,599</u>	<u>3,473,362</u>
	<u>9,646,576</u>	<u>5,954,582</u>	<u>8,550,090</u>	<u>4,895,781</u>
Analysis of loan repayments				
Bank loans and overdrafts				
In one year or less or on demand	5,993,272	3,764,844	3,933,599	3,473,363
In more than one year but not more than two years	500,000	511,976	500,000	511,975
In more than two years but not more than five years	4,000,000	900,000	4,000,000	900,000
In more than five years	-	300,000	-	300,000
Obligations under hire purchase contracts				
In one year or less or on demand	829,401	959,340	-	-
In more than one year but not more than five years	946,486	908,801	-	-
Loan from JBS Farming				
In more than one year but not more than two years	4,050,090	3,183,805	4,050,090	3,183,805
Loan from subsidiary shareholder				
In more than one year but less than two years	150,000	150,000	-	-
	<u>16,469,249</u>	<u>10,678,766</u>	<u>12,483,689</u>	<u>8,369,143</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 4 May 2013 on the loans were as follows

	4 May 2013	5 May 2012
	£	£
Bank loan 1	2,000,000	168,750
Bank loan 2	-	460,916
Bank loan 3	<u>3,000,000</u>	<u>1,800,000</u>

The company has entered into an interest rate swap on loans to the value of £771,683 which is due to mature on 26 May 2014. The fair value of the interest rate swap at the year end was £27,873 (2012 £62,965)

15 Provisions for liabilities - deferred taxation

The group

	Deferred tax assets £	Deferred tax provisions £
At 6 May 2012	(166,341)	121,070
Charge for/(released during) the year	2,969	(20,484)
At 4 May 2013	<u>(163,372)</u>	<u>100,586</u>

The company

	Deferred tax provisions £
At 6 May 2012	-
Charge for/(released during) the year	975
At 4 May 2013	<u>975</u>

Provisions for liabilities – deferred taxation (continued)

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

The group	Deferred tax assets £ 4 May 2013 £	Deferred tax provisions £ 4 May 2013 £	Deferred tax assets £ 5 May 2012 £	Deferred tax provisions £ 5 May 2012 £
Capital allowances in excess of depreciation	(33,321)	103,801	(161)	144,544
Short term timing differences	(130,051)	(3,215)	(166,180)	(23,474)
	<u>(163,372)</u>	<u>100,586</u>	<u>(166,341)</u>	<u>121,070</u>
The company		Deferred tax provisions £ 4 May 2013 £		Deferred tax provisions £ 5 May 2012 £
Capital allowances in excess of depreciation		633		-
Tax losses available		342		-
Short term timing differences		-		-
		<u>975</u>		<u>-</u>

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 Group Holdings Limited - a company in which Mr J B Shropshire is a director
G's Growers Limited - a company in which Mr J B Shropshire is a director

Related party transactions (continued)

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

	4 May 2013	5 May 2012
	£	£
Total sales	70,677,853	71,360,250
Total purchases	28,476,328	29,061,479
Interest paid	47,383	91,225
Interest received	77,414	47,938
Balances included within trade debtors	3,624,561	5,755,901
Other balances included in debtors	9,848,429	2,467,455
Balances included within trade creditors	8,380,282	-
Other balances included in creditors	3,237,296	3,182,304

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

17 Share capital

Authorised share capital

	4 May 2013	5 May 2012
	£	£
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

	4 May 2013	5 May 2012
	£	£
Ordinary £1 shares	300,000	300,000
Redeemable £1 preference shares	2,000,000	2,000,000
	2,300,000	2,300,000

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	
	4 May 2013	5 May 2012	4 May 2013	5 May 2012
	£	£	£	£
At 6 May 2012	12,484,418	10,421,249	7,212,020	5,873,225
Profit for the financial period	3,754,724	2,063,169	2,695,120	1,338,795
At 4 May 2013	16,239,142	12,484,418	9,907,140	7,212,020

19 Minority interest

	£
At 6 May 2012	229,936
Adjustment for changes in minority interest	225,400
Minority interest result for the year	65,482
At 4 May 2013	<u>520,818</u>

20 Reconciliation of movements in shareholders' funds

	The group		The company	
	4 May 2013	5 May 2012	4 May 2013	5 May 2012
	£	£	£	£
Profit for the financial period	3,754,724	2,063,169	2,695,120	1,338,795
	<u>3,754,724</u>	<u>2,063,169</u>	<u>2,695,120</u>	<u>1,338,795</u>
Opening shareholders' funds	14,784,418	12,721,249	9,512,020	8,173,225
Closing shareholders' funds	<u>18,539,142</u>	<u>14,784,418</u>	<u>12,207,140</u>	<u>9,512,020</u>

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

	Period to 4 May 2013 £	Period to 5 May 2012 £
Operating profit	5,912,838	3,018,647
Amortisation	1,137,003	20,425
Depreciation	2,167,943	2,273,707
(Profit) on sale of fixed assets	(179,876)	(692,967)
Decrease/(increase) in stocks	2,225,991	(1,126,188)
(Increase) in debtors	(7,629,913)	(2,202,492)
Increase in creditors	1,793,169	1,920,840
Net cash inflow from operating activities	<u>5,427,155</u>	<u>3,211,972</u>

22 Analysis of net debt

	At 6 May 2012 £	Cash flow £	Acquisition £	Other non cash movements £	At 4 May 2013 £
Cash at bank and in hand	437,951	3,550,148	-	-	3,988,099
Overdrafts	(3,047,174)	(2,446,118)	-	-	(5,493,292)
	(2,609,223)	1,104,030	-	-	(1,505,193)
Debt due after one year	(5,045,781)	(3,654,289)	-	-	(8,700,070)
Debt due within one year	(717,670)	217,670	-	-	(500,000)
Hire purchase contracts	(1,868,141)	92,254	-	-	(1,775,887)
Total	(10,240,815)	(2,240,335)	-	-	(12,481,150)

23 Reconciliation of net cash flow to movement in net debt

	Period to 4 May 2013 £	Period to 5 May 2012 £
Increase/(decrease) in cash in the period	3,550,148	(3,612,027)
Cash outflow from finance leases	92,254	870,842
Cash inflow from financing	(5,882,737)	(8,101)
Changes in net debt resulting from cash flows	(2,240,335)	(2,749,286)
Inception of finance leases	-	(1,001,370)
Movement in net debt in the period	(2,240,335)	(3,750,656)
Opening net debt	(10,240,815)	(6,490,159)
Closing net debt	(12,481,150)	(10,240,815)

24 Capital commitments

The company had no capital commitments at 4 May 2013 or 5 May 2012

25 Commitments under operating leases

At 4 May 2013 the group and the company had commitments under non-cancellable operating leases as follows

	The group		The company	
	4 May 2013 £	5 May 2012 £	4 May 2013 £	5 May 2012 £
Operating leases which expire				
Within one year	1,095,159	1,095,159	670,159	670,159
After more than five years	-	-	-	-
	<u>1,095,159</u>	<u>1,095,159</u>	<u>670,159</u>	<u>670,159</u>

26 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 and Sandfields Farms Limited. At 4 May 2013 the net short term group borrowings outstanding for which the company has a contingent liability were £2,002,622 (2012 £187,201)

27 Ultimate controlling party

The immediate and ultimate controlling party is Mr J B Shropshire