

Frontier Agriculture Limited

**Directors' report and consolidated
financial statements**

Registered number 05288567

30 June 2012

SATURDAY



A249A3MG

A35

16/03/2013

#84

COMPANIES HOUSE

Contents

Chairman's statement 2012	1
Directors' report	2
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Independent auditors' report to the members of Frontier Agriculture Limited	5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Consolidated statement of total recognised gains and losses	10
Reconciliation of movements in shareholders' funds	11
Notes	12

Chairman's statement 2012

Frontier commenced its seventh full year of trading on 1 July 2011. The following remarks refer to the 12 month period ended 30 June 2012.

Following the exceptional volatility of 2011, grain markets experienced a return to more normal levels in 2012 as prices eased during the first half of the year before firming again due to global drought pressures. The 2011 UK harvest was one of average yield and good quality in spite of the spring drought conditions in East Anglia. Autumn 2011 crop plantings were high and excellent establishment conditions resulted in buoyant markets for the major crop inputs of seed, fertiliser and crop protection. In contrast, the record wet spring and summer of 2012 resulted in exceptional disease pressure, fungicide usage and adverse crop impacts. Despite the continued depression in the major global economies, demand for primary agricultural produce and the technology required to produce them remained strong. The strength of our diversified activities in both crop inputs and crop outputs now delivers a level of reliability in underlying earnings that confounds the increased volatility and cyclicality of the sector.

During the year, Group turnover was 14% higher at £1.59 billion. Profit for the year on ordinary activities after taxation was £23.5 million – delivering a respectable 14% return on total capital employed.

Working capital funding requirements increased in proportion to the high value of grain stocks, receivables and margin calls from trading but were ameliorated by continuing low borrowing rates, resulting in higher net annual interest costs of £2.7 million (2010: £2.2 million).

During the period, £4.2 million was committed to new capital expenditure prioritised towards customer-facing assets in grain drying and storage, seed processing, crop protection distribution and IT systems. Since April 2005, cumulative capital expenditure now exceeds £19 million.

During the year, we continued our strategy to grow our crop inputs and non-grain related activities – annual gross earnings from which exceeded those of grain for the first time at 48% of the Group total. We further cemented the expansion in our agronomy and agronomy services, consolidating Phoenix Agronomy Ltd and The Agronomy Partnership Ltd into Frontier as new trading divisions. Our field force of service agronomists now exceeds 110 in total. Our precision farming business SOYL again enjoyed a year of growth ahead of expectations.

Our industry-leading grain merchanting and grain operations again performed well – correctly interpreting the changing supply and demand curve and managing the risk associated with volatility, delivering annual gross earnings equivalent to 46% of the Group total.

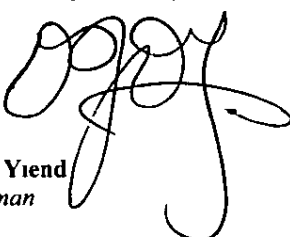
As in previous years, the joint shareholders agreed to forgo any dividend payments and all profits and cash from ongoing operations were reinvested back in the Company for the long-term benefit of the business, its customers and the industry. Group net assets exceeded £150 million, making Frontier a truly reliable, secure and long-term partner to its customers with the balance sheet credibility to match.

On behalf of both shareholders, I would like once again to pay a very warm tribute to the dedication and commitment of all our employees who have worked tirelessly in demanding circumstances to deliver another excellent set of results.

Looking ahead, I anticipate further growth in underlying earnings as we see the full-year effect of acquisitions, new agronomists, capital investment and the continued rollout of our strategic growth plans.

Managing volatility, building balance sheet strength and commercial expertise alongside strong customer satisfaction and employee engagement will be the key success formulae for the future. The Company continues to grow ahead of expectations, and attracting and developing the talented people to manage this growth will be an exciting challenge for the future.

Frontier has proved once again, that it is uniquely structured and resourced to deliver real value through collaborative partnership with its farmers and with food, feed and bio-fuel industry customers.


David Yiend
Chairman

19 February 2013

Directors' report

The directors present their directors' report and consolidated financial statements for the year ended 30 June 2012

Principal activities

The principal activities of the company are the sale and merchandising of agricultural crops, seed (including processing), fertiliser and chemicals

Business review

The directors consider that the key performance indicators for the business are turnover and profit

	2012	2011
	£000	£000
Summarised results are given below		
Group turnover	<u>1,590,867</u>	<u>1,402,327</u>
Group profit on ordinary activities after taxation for the financial year	<u>23,465</u>	<u>27,809</u>

On 31 January 2012 the company acquired 100% of the share capital of The Agronomy Partnership Ltd, immediately hiving up its trade and assets to the company. On 27 August 2011 the trade and assets of Phoenix Agronomy Ltd, a subsidiary company, were hived up to the company.

A detailed review of the year is given in the chairman's statement on page 1

Financial instruments

The company's activities expose it to a variety of financial risks that include commodity price and position risk, credit risk, interest rate risk and foreign exchange exposure. Senior operating management and Board members regularly review financial risk against established policies.

Commodity Price And Position Risk – The trading activities of the business necessitate that forward positions are taken in order to meet supply requirements in the ordinary course of business. Positions are operated, by agreement from the Board, within duly authorised limits relative to each commodity. Senior management and Board members regularly review these positions compared to those limits. Exposure to commodity price fluctuations is controlled by the operation of position limits and by the use of approved futures markets.

Credit Risk – Where appropriate, credit checks are performed on potential customers before sales are transacted. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the Executive Directors. In addition the company has in place credit insurance to manage the potential financial loss relating to customers in the grain consumer, agricultural merchant and farmer buying group sectors.

Interest Rate Risk – The company is exposed to movements in the level of interest rates. Bank debt liabilities are maintained on a floating rate basis.

Foreign Exchange Risk – Trading activities include the import/export of grain and the import of fertiliser which create exposures to movements in foreign exchange rates principally Euro and USD. This exposure risk is managed through matching FX contracts. Authorisation levels for FX contracts are in place for both the amount and period of forward cover and are subject to regular independent review by senior management.

Proposed dividend

The directors do not propose the payment of a dividend for the year (2011 £nil)

Policy and practice on payment of creditors

It is the policy of the company to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements when making payment. At the year end the company had 20 days (2011 20 days) purchases outstanding.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year and to the date of approval of these financial statements were as follows

KM Aitchison
RL Banks (resigned 28 October 2011)
DJ Yiend
DW Rogers (resigned 28 October 2011)
RC Cloke
RI Nield
S Wooldridge
M Allen
J Kerr (appointed 28 October 2011)
A Rickmers (appointed 28 October 2011)

No director had a beneficial interest in the shares of the company during the year

KM Aitchison and S Wooldridge benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Employees

During the period the company made arrangements for providing information to employees on matters of concern to them, involving employees in the decision-making process and developing a common awareness of the factors affecting the performance of the company

The company does all that is practicable to meet its responsibility towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

Political and charitable contributions

The company made no political contributions during the year (2011 *£nil*). Donations to UK charities amounted to £11,000 (2011 *£17,000*).

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


K M Aitchison
Director

50/51 Russell Square
London
WC1B 4JA

19 February 2013

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Independent auditors' report to the members of Frontier Agriculture Limited

We have audited the financial statements of Frontier Agriculture Limited for the year ended 30 June 2012 set out on pages 6 to 37. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 web-site at www.frc.org.uk/auditscopeukprivate.

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 June 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- adequate accounting records have not been kept by the parent company, 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.

Wayne Cox (Senior Statutory Auditor)

*for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants*

St Nicholas House
Park Row
Nottingham NG1 6FQ

19 February 2013

Consolidated profit and loss account
for the year ended 30 June 2012

	<i>Note</i>	2012 £000	2011 £000
Group turnover	2	1,590,867	1,402,327
Cost of sales		(1,511,022)	(1,317,499)
Gross profit		79,845	84,828
Selling and distribution costs		(19,646)	(18,708)
Administrative expenses		(27,022)	(26,369)
Other operating income		791	565
Group operating profit		33,968	40,316
Share of operating profit in joint venture		123	138
Total operating profit		34,091	40,454
Profit/(loss) on sale of fixed assets - group		95	75
- joint venture		-	-
Other interest receivable and similar income - group	6	284	245
- joint venture		1	1
Interest payable and similar charges - group	7	(2,736)	(2,183)
Other finance income	8	133	72
Profit on ordinary activities before taxation		31,868	38,664
Tax on profit on ordinary activities - group	9	(8,377)	(10,826)
- joint venture	9	(26)	(29)
Profit on ordinary activities after taxation		23,465	27,809
Profit for the financial year	18	23,465	27,809

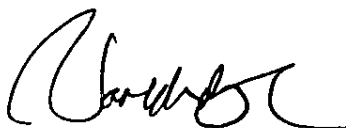
In both the current and preceding year, the group made no material acquisitions and had no discontinued operations

There is no material difference between the results for the period as disclosed above and the result under the unmodified historical cost basis aside from those which result from the valuation of commodity stocks and related contracts

Consolidated balance sheet
as at 30 June 2012

	Note	2012 £000	2011 £000
Fixed assets			
Intangible assets	10	9,527	8,345
Tangible assets	11	19,407	18,520
Investments	12	2,570	2,504
		<u>31,504</u>	<u>29,369</u>
Current assets			
Stocks	13	115,431	143,591
Debtors	14	211,931	212,866
Cash at bank and in hand		3	416
		<u>327,365</u>	<u>356,873</u>
Creditors, amounts falling due within one year	15	<u>(206,216)</u>	<u>(257,092)</u>
Net current assets		<u>121,149</u>	<u>99,781</u>
Total assets less current liabilities		<u>152,653</u>	<u>129,150</u>
Creditors: amounts falling due after more than one year	16	-	(5)
Pension liabilities	21	(469)	-
Net assets		<u>152,184</u>	<u>129,145</u>
Capital and reserves			
Called up share capital	17	36,000	36,000
Profit and loss account	18	116,184	93,145
Shareholders' funds		<u>152,184</u>	<u>129,145</u>

These financial statements were approved by the board of directors on 19 February 2013 and were signed on its behalf by



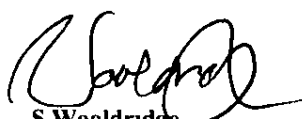
S Wooldridge
Director

Company number 05288567

Company balance sheet
as at 30 June 2012

	Note	2012	2011
		£000	£000
Fixed assets			
Intangible assets	10	9,668	5,198
Tangible assets	11	19,407	18,433
Investments	12	13,107	10,589
		<hr/>	<hr/>
		42,182	34,220
Current assets			
Stocks	13	115,431	143,090
Debtors	14	211,931	209,969
Cash at bank and in hand		3	3
		<hr/>	<hr/>
		327,365	353,062
Creditors: amounts falling due within one year	15	(217,282)	(258,305)
		<hr/>	<hr/>
Net current assets		110,083	94,757
		<hr/>	<hr/>
Total assets less current liabilities		152,265	128,977
Pension liability	21	(469)	-
		<hr/>	<hr/>
Net assets		151,796	128,977
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	17	36,000	36,000
Profit and loss account	18	115,796	92,977
		<hr/>	<hr/>
Shareholders' funds		151,796	128,977
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 19 February 2013 and were signed on its behalf by


S Wooldridge
Director

Company number 05288567

Consolidated cash flow statement
for the year ended 30 June 2012

	<i>Note</i>	2012	2011
		£000	£000
Reconciliation of operating profit to net cash flow from operating activities			
Group operating profit		33,968	40,316
Depreciation and amortisation charges		3,221	2,809
Decrease / (increase) in stocks		28,360	(63,347)
Decrease / (increase) in debtors		1,095	(73,515)
Increase in creditors		2,822	37,982
Pension contributions below operating charge		190	26
		<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities		69,656	(55,729)
		<hr/>	<hr/>

Cash flow statement

Cash inflow / (outflow) from operating activities		69,656	(55,729)
Returns on investments and servicing of finance	22	(2,649)	(1,844)
Taxation		(9,802)	(9,053)
Capital expenditure and financial investment	22	(4,044)	(2,774)
Acquisitions and disposals	22	(2,506)	(3,674)
		<hr/>	<hr/>
Cash inflow / (outflow) before management of liquid resources and financing		50,655	(73,074)
Financing	22	-	-
		<hr/>	<hr/>
Increase / (decrease) in cash in the year		50,655	(73,074)
		<hr/>	<hr/>

Reconciliation of net cash flow to movement in net debt

Increase / (decrease) in cash in the year		50,655	(73,074)
Net debt at the start of the year	23	(138,252)	(65,178)
		<hr/>	<hr/>
Net debt at the end of the year	23	(87,597)	(138,252)
		<hr/>	<hr/>

Consolidated statement of total recognised gains and losses
for the year ended 30 June 2012

	2012 £000	2011 £000
Profit for the financial year		
Group	23,367	27,700
Share of joint venture	98	109
	<hr/> 23,465	<hr/> 27,809
Actuarial (loss) / gain recognised in the pension scheme	(560)	729
Deferred tax asset / (liability) arising on gains/losses in the pension scheme	134	(190)
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	<hr/> 23,039 <hr/>	<hr/> 28,348 <hr/>

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2012

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Profit for the financial year	23,465	27,809	23,245	27,738
Other recognised gains and losses relating to the year (net)	(426)	539	(426)	539
Net addition to shareholders' funds	23,039	28,348	22,819	28,277
Opening shareholders' funds	129,145	100,797	128,977	100,700
Closing shareholders' funds	152,184	129,145	151,796	128,977

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and, except for commodity stocks and related contracts, under the historical cost accounting rules

Commodity stocks and related contracts are recognised at fair value, being the market price ruling at the balance sheet date

The going concern assumption has been considered appropriate as the group continues to be profitable and has financing in place sufficient to enable it to meet its financial obligations as they fall due

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings and joint venture undertakings made up to 30 June 2012

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

A joint venture undertaking is an undertaking where the company does not hold a controlling interest but is one in which the company has a long-term interest and where it can exercise joint control. In these instances the Group's share of the profits or losses of joint ventures is included in the consolidated profit and loss account and its interest in the net assets is included under investments in the consolidated balance sheet

Under s400 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations and consolidations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	- 25 to 50 years
Leasehold land and buildings	- life of lease
Plant and machinery	- 6 to 10 years
Fixtures, fittings, tools and equipment	- 2 to 10 years
Motor vehicles	- 4 years

No depreciation is provided on freehold land

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to sterling at foreign exchange rates ruling at the dates the fair value was determined

Notes (continued)

1 Accounting policies (continued)

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to commodity market, foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives are not accounted for using the hedge accounting method and therefore are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Group also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks

Except as described below, stocks and work in progress are valued at the lower of cost and net realisable value.

Commodity stocks and related contracts (including forward futures and option contracts), where the value of the underlying commodity is determined by a quoted terminal market, are revalued to the market price ruling at the balance sheet date. This is deemed to be the fair value of such stocks and related contracts and the treatment is in accordance with the fair value accounting rules of the Companies Act.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Classification of financial instruments issued by the group

Under FRS 25, financial instruments issued by the group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group), and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Turnover

Turnover represents the amounts, excluding Value Added Tax, derived from the provision of goods and services to customers. Turnover is recognised on delivery of the goods and services concerned

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Segmental analysis

	2012 £000	2011 £000
Analysis of turnover by geographical destination		
United Kingdom	1,356,350	1,203,737
Rest of the World	234,517	198,590
	<hr/>	<hr/>
	1,590,867	1,402,327
	<hr/>	<hr/>

The directors consider that there is only one class of business. Turnover is generated by operations based solely in the United Kingdom

Notes (continued)

3 Notes to the profit and loss account

	2012 £000	2011 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets		
Owned	2,554	2,324
Amortisation of goodwill	667	485
Hire of plant and machinery - rentals payable under operating leases	1,721	1,654
Hire of other assets - operating leases	2,703	3,034
Foreign exchange losses / (gains)	123	(139)
Research and development expenditure	108	61
	<hr/>	<hr/>
<i>Auditors' remuneration</i>	£000	£000
Audit of these financial statements	93	91
<i>Amounts receivable by auditors and their associates in respect of</i>		
Audit of financial statements of subsidiaries	-	-
Other services relating to taxation	4	5
All other services	-	23
	<hr/>	<hr/>

4 Remuneration of directors

	2012 £000	2011 £000
Directors' emoluments	907	705
Company contributions to defined benefit pension schemes	29	28
Company contributions to defined contribution pension schemes	22	19
	<hr/>	<hr/>
	958	752
	<hr/>	<hr/>

Number of directors

	2012	2011
Retirement benefits are accruing to the following number of directors under		
Defined benefit schemes	1	1
Defined contribution schemes	1	1
	<hr/>	<hr/>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £592,000 for the year (2011 £459,000). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £22,000 (2011 £19,000).

The following directors benefited from qualifying third party indemnity provisions

- KM Aitchison
- S Wooldridge

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Group		Company	
	Number of employees		Number of employees	
	2012	2011	2012	2011
Administrative	271	279	270	271
Processing and distribution	509	478	508	474
	<u>780</u>	<u>757</u>	<u>778</u>	<u>745</u>

The aggregate payroll costs of these persons were as follows

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Wages and salaries	29,313	27,734	29,221	27,563
Social security costs	2,827	2,527	2,816	2,507
Pension costs	3,162	2,877	3,159	2,876
	<u>35,302</u>	<u>33,138</u>	<u>35,196</u>	<u>32,946</u>

The group operates a salary sacrifice scheme. This has the impact of increasing pension costs, offset by a reduction in wages and salaries and social security costs.

6 Other interest receivable and similar income

	2012	2011
	£000	£000
Interest receivable on loans	-	16
Interest receivable on overdue debts from customers	284	229
	<u>284</u>	<u>245</u>

7 Interest payable and similar charges

	2012	2011
	£000	£000
On bank loans and overdrafts	2,732	2,177
On hire purchase contracts	2	1
On all other loans	2	5
	<u>2,736</u>	<u>2,183</u>

Notes (continued)

8 Other finance income

	2012 £000	2011 £000
Expected return on pension scheme assets	1,095	834
Interest on pension scheme liabilities	(962)	(762)
	<u>133</u>	<u>72</u>

9 Taxation

Analysis of charge in year

	2012 £000	2011 £000	2011 £000
<i>UK corporation tax</i>			
Current tax on income for the year	8,409	10,829	
Adjustments in respect of prior years	(29)	(27)	
Tax on share of profits of joint venture	30	30	
	<u>8,410</u>	<u>10,832</u>	
<i>Deferred tax (see note 14)</i>			
Current year origination/reversal of timing differences	(21)	(13)	
Adjustments in respect of prior years	1	(16)	
Impact of change in tax rate	27	40	
Share of tax of joint venture	-	(1)	
On defined benefit pension scheme	(14)	13	
	<u>(7)</u>	<u>23</u>	
Tax on profit on ordinary activities	8,403	10,855	

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 25.5% (2011 27.5%). The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	31,868	38,664
	<u>8,126</u>	<u>10,632</u>
<i>Effects of</i>		
Expenses not deductible for tax purposes	229	177
Depreciation for year in excess of capital allowances	98	114
Income not taxable	(4)	(4)
Defined benefit charge in excess of contributions	14	(13)
Enhanced research and development deduction	(21)	(12)
Utilisation of acquired tax losses	-	(26)
Prior period adjustments	(29)	(27)
Impact of small companies rate on profits of joint venture	(3)	(9)
	<u>8,410</u>	<u>10,832</u>
Total current tax charge (see above)	8,410	10,832

Notes (continued)

9 Taxation (continued)

Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

	2012	2011
	£000	£000
Deferred tax		
Difference between accumulated depreciation and capital allowances	338	347
	<hr/>	<hr/>
Deferred tax asset (see note 14)	338	347
	<hr/>	<hr/>

Deferred tax presented net of the pension scheme deficit

	2012	2011
	£000	£000
At start of year	-	217
Credit / (charge) within the statement of total recognised gains and losses	134	(190)
Credit/ (charge) within the income statement	14	(27)
	<hr/>	<hr/>
At end of year (see note 21)	148	-
	<hr/>	<hr/>

Notes (continued)

10 Intangible fixed assets

Group	Goodwill on consolidation £000	Purchased Goodwill £000	Total £000
Cost			
At beginning of year	8,912	1,463	10,375
Acquisitions (note 25)	1,849	-	1,849
	<hr/>	<hr/>	<hr/>
At end of year	10,761	1,463	12,224
	<hr/>	<hr/>	<hr/>
Accumulated amortisation			
At beginning of year	887	1,143	2,030
Charged in year	484	183	667
	<hr/>	<hr/>	<hr/>
At end of year	1,371	1,326	2,697
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2012	9,390	137	9,527
	<hr/>	<hr/>	<hr/>
At 30 June 2011	8,025	320	8,345
	<hr/>	<hr/>	<hr/>

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The following sets out the periods over which goodwill is amortised:

- Goodwill arising on assets acquired from Banks Cargill Agriculture Limited – 8 years
- Goodwill arising on assets acquired from Allied Grain – 8 years
- Goodwill arising on acquisition of Enviro Holdings Limited – 20 years
- Goodwill arising on acquisition of SOYL Limited – 20 years
- Goodwill arising on acquisition of Lothian Crop Specialists Limited – 20 years
- Goodwill arising on acquisition of Grampian Crop Services Limited – 20 years
- Goodwill arising on acquisition of Phoenix Agronomy Limited – 20 years
- Goodwill arising on acquisition of The Agronomy Partnership Limited – 20 years

Notes (continued)

10 Intangible fixed assets (continued)

The directors believe the above reflects the period for which benefits can be expected to be obtained from the assets and liabilities acquired

Company	Goodwill £000
Cost	
At beginning of year	7,114
Additions (note 25)	5,110
	<hr/>
At end of year	12,224
	<hr/>
Accumulated amortisation	
At beginning of year	1,916
Charged in year	640
	<hr/>
At end of year	2,556
	<hr/>
Net book value	
At 30 June 2012	9,668
	<hr/>
At 30 June 2011	5,198
	<hr/>

11 Tangible fixed assets

Group	Land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	14,695	24,749	7,599	304	47,347
Acquired with subsidiary	-	7	9	22	38
Additions	282	1,550	1,790	-	3,622
Reclassifications	-	23	-	(23)	-
Disposals	-	(574)	(1,425)	(75)	(2,074)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	14,977	25,755	7,973	228	48,933
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation					
At beginning of year	4,721	18,468	5,403	235	28,827
Charge for year	391	1,378	759	26	2,554
Reclassifications	-	18	-	(18)	-
Acquired with subsidiary	-	6	6	16	28
On disposals	-	(414)	(1,424)	(45)	(1,883)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	5,112	19,456	4,744	214	29,526
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 30 June 2012	9,865	6,299	3,229	14	19,407
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2011	9,974	6,281	2,196	69	18,520
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Tangible fixed assets (continued)

The net book value of land and buildings comprises

	2012 £000	2011 £000
Freehold	9,501	9,636
Short leasehold	364	338
	9,865	9,974

The net book value of the group's fixed assets includes £28,000 (2011 £nil) in respect of assets held under hire purchase contracts

Company	Land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	14,695	24,680	7,593	242	47,210
Additions	282	1,550	1,790	-	3,622
Intra group transfers (note 25)	-	99	15	61	175
Disposals	-	(574)	(1,425)	(75)	(2,074)
At end of year	14,977	25,755	7,973	228	48,933
Accumulated depreciation					
At beginning of year	4,721	18,440	5,402	214	28,777
Charge for year	391	1,378	759	22	2,550
Intra group transfers (note 25)	-	52	7	23	82
On disposals	-	(414)	(1,424)	(45)	(1,883)
At end of year	5,112	19,456	4,744	214	29,526
Net book value					
At 30 June 2012	9,865	6,299	3,229	14	19,407
At 30 June 2011	9,974	6,240	2,191	28	18,433

The net book value of land and buildings comprises

	2012 £000	2011 £000
Freehold	9,501	9,636
Short leasehold	364	338
	9,865	9,974

Notes (continued)

12 Fixed asset investments

Group	Interests in joint ventures £000	Other investments and loans £000	Total £000
Cost			
At beginning of year	2,196	128	2,324
Additions	-	-	-
Disposals	-	(32)	(32)
	<hr/>	<hr/>	<hr/>
At end of year	2,196	96	2,292
	<hr/>	<hr/>	<hr/>
Share of post acquisition reserves			
At beginning of year	180	-	180
Share of profit before tax for the year	124	-	124
Share of tax charge for the year	(26)	-	(26)
Dividend	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	278	-	278
	<hr/>	<hr/>	<hr/>
Provisions			
At beginning and end of year	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2012	2,474	96	2,570
	<hr/>	<hr/>	<hr/>
At 30 June 2011	2,376	128	2,504
	<hr/>	<hr/>	<hr/>

Group share of net assets of joint ventures is analysed as follows

	Fixed assets £000	Current assets £000	Bank debt £000	Other creditors £000	Net assets £000
Southampton Grain Terminal Limited	154	630	-	(136)	648
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Group share of the net assets of Southampton Grain Terminal Limited is not equivalent to the carrying value of the investment in the joint venture as the Group was not a founder shareholder of the joint venture

A joint share was purchased at a premium of £1,826,000 which is expected to be recovered through future trading

Notes (continued)

12 Fixed asset investments (continued)

Company	Shares in group undertakings £000	Investment in joint venture £000	Other investments and loans £000	Total £000
Cost				
At beginning of year	11,496	2,196	128	13,820
Acquisitions (see note 25)	2,550	-	(32)	2,518
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	14,046	2,196	96	16,338
	<hr/>	<hr/>	<hr/>	<hr/>
Provisions				
At beginning and end of year	3,231	-	-	3,231
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2012	10,815	2,196	96	13,107
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2011	8,265	2,196	128	10,589
	<hr/>	<hr/>	<hr/>	<hr/>

The companies in which the company has an interest at the year end are as follows

	Country of incorporation	Principal activity	Class and Percentage of shares held
Subsidiary undertakings			
Nomix Enviro Limited	UK	Non-trading	100% (direct)
Lothian Crop Specialists Limited	UK	Non-trading	100% (direct)
SOYL Limited	UK	Non-trading	100% (direct)
Grampian Crop Services Limited	UK	Non-trading	100% (direct)
Phoenix Agronomy Limited	UK	Agronomy services and supply of chemicals	100% (direct)
The Agronomy Partnership Limited	UK	Agronomy services and supply of chemicals	100% (direct)
Joint ventures			
Southampton Grain Terminal Limited	UK	Grain terminal	50%
Other investments			
Global Range Limited	UK	Internet portal	6%

The company's investment in the joint venture comprises 50,000 ordinary shares of £1 each amounting to 50 percent of issued share capital. The main business of Southampton Grain Terminal Limited is that of grain exporting. The financial year-end of Southampton Grain Terminal Limited is 30 June.

In addition to the above, the company is a partner to a limited liability partnership, Southampton Marketing & Drying LLP.

Notes (continued)

13 Stocks

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Raw materials and consumables	798	753	798	753
Finished goods and goods for resale	114,633	142,838	114,633	142,337
	<u>115,431</u>	<u>143,591</u>	<u>115,431</u>	<u>143,090</u>

Included within finished goods and goods for resale are commodity related contracts classified as financial instruments which are carried at fair value. The value of such financial instruments amounts to an asset of £3,557,000 (2011 asset of £1,503,000)

The group has consignment stock arrangements with suppliers in the ordinary course of business. Inventory drawn from consignment stock is invoiced at the price ruling at the date of drawdown. The value of such stock, at cost, which has been excluded from the balance sheet amounts to £2,763,000 (2011 £2,043,000)

14 Debtors

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Trade debtors (including amounts owed by related parties) (see note 24)	182,297	184,573	182,297	182,169
Other debtors	11,099	8,199	11,099	7,706
Net deferred tax assets (see note 9 & below)	338	347	338	354
Prepayments and accrued income	18,197	19,747	18,197	19,740
	<u>211,931</u>	<u>212,866</u>	<u>211,931</u>	<u>209,969</u>

Deferred tax asset

	Group	Company
Asset at beginning of year	347	354
Acquisitions (note 25)	(2)	-
Intra group transfer (note 25)	-	(9)
Impact of change in tax rate	(27)	-
Profit and loss account credit / (charge) in the year	21	(7)
Profit and loss account charge / (credit) in the prior year	(1)	-
Asset at end of year	338	338

Deferred tax asset of £nil (2011 £24,000) associated with tax losses acquired has not been recognised in the financial statements due to uncertainty of its recoverability in the foreseeable future

Notes (continued)

15 Creditors: amounts falling due within one year

	Group 2012 £000	2011 £000	Company 2012 £000	2011 £000
Bank loans and overdrafts	87,600	138,668	87,600	138,668
Obligations under hire purchase contracts	-	13	-	-
Trade creditors (including amounts owed to related parties) (see note 24)	99,320	86,467	99,320	83,613
Amounts due to group subsidiaries	-	-	11,066	4,798
Corporation tax	4,225	5,548	4,225	5,397
Other taxation and social security	1,108	999	1,108	920
Accruals and deferred income	13,963	25,397	13,963	24,909
	<u>206,216</u>	<u>257,092</u>	<u>217,282</u>	<u>258,305</u>

The group has bank loan and overdraft facilities of £230 million (2011 £210 million), of which £142 million (2011 £71 million) was undrawn at 30 June 2012

The group's bank loans and overdrafts are secured by limited guarantees from both Cargill Incorporated and ABF Holdings Limited. The bank loans are repayable on demand and each drawdown is charged with interest at a rate subject to negotiation with the Bank.

16 Creditors: amounts falling due after more than one year

	Group 2012 £000	Group 2011 £000
Obligations under hire purchase contracts	-	5

17 Called up share capital

	2012 £000	2011 £000
<i>Allotted, called up and fully paid</i>		
3,600,000,104 Ordinary shares of £0.01 each	36,000	36,000

18 Profit and loss account

	Group £000	Company £000
At beginning of year	93,145	92,977
Profit for the year	23,465	23,245
Actuarial loss recognised in the pension scheme	(560)	(560)
Deferred tax arising on losses in the pension scheme	134	134
At end of year	<u>116,184</u>	<u>115,796</u>

Notes (continued)

19 Contingent liabilities

The company has contingencies in respect of forward commodity contracts entered into in the normal course of business. As described in note 1, contracts are recorded at market value, which is dependent on market conditions. Given the inherent uncertainty of future market values, it is not possible to quantify the amount of contingent assets or liabilities.

20 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made, are as follows

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Contracted	485	544	485	544

(b) Annual commitments under non-cancellable operating leases are as follows

Group	2012		2011	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	934	711	817	574
In the second to fifth years inclusive	504	2,023	645	1,954
Over five years	246	428	235	285
	1,684	3,162	1,697	2,813

Company	2012		2011	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	934	711	802	574
In the second to fifth years inclusive	504	2,023	645	1,954
Over five years	246	428	235	285
	1,684	3,162	1,682	2,813

Notes (continued)

21 Pension scheme

The Group operates a defined benefit pension plan. The pension cost charged to the profit and loss account for the year represents current service cost and other finance costs amounting to £2,545,000 (2011 £2,398,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

From April 2011 the group began operating a salary sacrifice scheme. This has had the impact of increasing the employer contributions made during that period but reducing the wages and salaries & national insurance expense incurred by the company. The apparent increase in like-for-like employer contributions and decrease in member contributions is explained by the initiation of this scheme.

The plan was established from 2 April 2005 to provide continuation of benefits for employees previously participating in the defined benefit arrangements of the shareholders. The Plan is effectively closed to new entrants and there is no liability for benefits prior to 2 April 2005. An actuarial valuation of the Plan was carried out on 5 April 2008 and updated for FRS17 purposes to 30 June 2012 by a qualified independent actuary.

The major assumptions used in this valuation were

	2012	2011	2010
Rate of increase in salaries	3.65%	4.50%	4.20%
Rate of increase in pensions in payment	2.00%	2.50%	2.50%
Rate of increase in pensions in deferment	2.90%	3.50%	3.20%
Discount rate applied to scheme liabilities	4.75%	5.50%	5.30%
Inflation assumption	2.90%	3.50%	3.20%

In valuing the liabilities of the pension fund at 5 April 2011, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 23.9 years (male), 25.8 years (female)
- Future retiree upon reaching 65: 26.2 years (male), 28.3 years (female)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 30 Jun 12 £000	Value at 30 Jun 11 £000	Value at 30 Jun 10 £000
Equities	11,425	9,521	7,196
Bonds	3,873	6,566	5,303
Hedge funds	3,292	-	-
Insurance policies	387	-	-
Cash	387	328	126
Total market value of assets	19,364	16,415	12,625
Present value of scheme liabilities	(19,981)	(16,415)	(13,400)
Deficit in the scheme	(617)	-	(775)
Related deferred tax asset	148	-	217
Net pension liability	(469)	-	(558)

Notes (continued)

21 Pension scheme (continued)

The expected rates of return on the assets in the scheme were,

	Long term rate of return 2012	Long term rate of return 2011	Long term rate of return 2010
Equities	7.20%	7.75%	7.64%
Bonds	3.20%	4.25%	4.14%
Hedge funds	4.50%	-	-
Insurance policies	4.75%	-	-
Cash	3.20%	4.25%	4.14%

Movements in present value of defined benefit obligation,

	2012 £000	2011 £000
Benefit obligation at beginning of year	16,415	13,400
Current service cost	2,678	2,470
Past service cost	-	-
Interest cost	962	762
Actuarial losses	545	295
Contributions by members	32	31
Benefits paid	(651)	(543)
Benefit obligation at end of year	19,981	16,415

Movements in fair value of plan assets,

	2012 £000	2011 £000
Fair value of plan assets at beginning of year	16,415	12,625
Expected return on plan assets	1,095	834
Actuarial (losses)/gains	(15)	1,024
Contributions by employer	2,488	2,444
Contributions by members	32	31
Benefits paid	(651)	(543)
Fair value of plan assets at end of year	19,364	16,415

Analysis of other pension costs charged in arriving at operating profit,

	2012 £000	2011 £000
Current service cost	2,678	2,470
Past service cost	-	-
	2,678	2,470

Notes (continued)

21 Pension scheme (continued)

Analysis of amounts included in other finance costs,

	2012	2011
	£000	£000
Expected return on pension scheme assets	1,095	834
Interest on pension scheme liabilities	(962)	(762)
	<u>133</u>	<u>72</u>

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

	2012	2011
	£000	£000
Actual return less expected return on scheme assets	(15)	1,024
Experience gains and losses arising on scheme liabilities	(1,255)	-
Changes in assumptions underlying the present value of scheme liabilities	710	-(295)
	<u>(560)</u>	<u>729</u>

With effect from 6 April 2006 pension increases in respect of future accruals were reduced to RPI subject to a cap of 2.5% (previously 5.0%). Following the announcement by the Government on 8 July 2011 of their intention to use CPI rather than RPI to calculate statutory minimum increases in both deferred pensions and pensions in payment, the Company has given due consideration, including discussion with its legal advisors and the Trustees, to the impact of the change on the valuation of the Scheme liabilities as at 30 June 2012. Following the guidance set out in UITF 48, it has concluded that there is no impact as a result of the change from RPI to CPI as at the balance sheet date.

With effect from 1 May 2006 member contributions were increased between 1% and 3% of pensionable salary depending on the category of members. During the year Group contributions were at 15.0% of pensionable salary before offset. Since year end the contribution rate has been increased to 15.8%, following results of the April 2011 valuation.

History of experience gains and losses

	2012	2011	2010	2009	2008
Difference between the expected and actual return on scheme assets					
Amount (£000)	(15)	1,024	729	(1,976)	(499)
Percentage of period end scheme assets	0%	6%	6%	-22%	-8%
Experience gains and losses on scheme liabilities					
Amount (£000)	(1,255)	-	-	-	(534)
Percentage of period end present value of scheme liabilities	-8%	0%	0%	0%	-8%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	(560)	729	729	(1,976)	(1,070)
Percentage of period end present value of scheme liabilities	-8%	6%	6%	-22%	-17%

Contributions of £2,564,000 are expected to be paid into the plan during the annual period beginning after the reporting period.

The Group was also a member of 11 (2011: 12) defined contribution schemes during the year. Contributions made to these schemes of £482,000 (2011: £406,000) on behalf of employees were charged to the profit and loss account as incurred. At the current and prior year end there were no amounts accrued or prepaid under the defined contribution schemes.

Notes (continued)

22 Analysis of cash flows

	2012 £000	2012 £000	2011 £000	2011 £000
Returns on investment and servicing of finance				
Dividends received from joint venture	-		-	
Interest received	285		245	
Interest paid	(2,934)		(2,089)	
		(2,649)		(1,844)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(4,362)		(2,823)	
Purchase of fixed asset investments	-		(87)	
Receipts from sale of fixed asset investments	32			
Sale of tangible fixed assets	286		136	
		(4,044)		(2,774)
Acquisitions and disposals				
Purchase of group undertaking	(3,023)		(3,893)	
Net cash acquired with group undertaking	517		219	
		(2,506)		(3,674)
Financing				
Repayment of borrowings	-		-	
		-		-

23 Analysis of net debt

	At beginning of year £000	Cash flow £000	Acquisitions £000	At end of year £000
Cash in hand and at bank	416	(930)	517	3
Overdrafts and loans payable on demand	(138,668)	51,068	-	(87,600)
Total	(138,252)	50,138	517	(87,597)

Notes (continued)

24 Related party disclosures

The company has no controlling party since it is owned in equal proportions by Cargill PLC and A B F Holdings Limited

The group has taken advantage of the exemption permitted by FRS 8 and not disclosed transactions with group companies that are eliminated on consolidation

Transactions with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A B F Holdings Limited), participating interests and companies controlled by company directors are set out below

out below

		2012		2011	
	Key	£000	£000	£000	£000
Trade sales					
Cargill PLC	b	283,320		265,538	
AB Agri Limited	a	188,382		159,975	
Allied Mills Limited	a	40,702		42,952	
Sun Valley Foods Limited	b	35,942		25,064	
Cargill Spain	b	10,608		6,541	
The Jordans & Ryvita Company Limited	a	1,821		2,197	
Cargill France	b	49,512		28,611	
Cargill Portugal	b	2,797		1,533	
Cargill Italy	b	-		1,143	
Cargill Holdings BV	b	-		336	
Micronized Food Products Limited	c	2,550		1 272	
The Silver Spoon Company Limited	a	1,057		1,354	
Little Staughton Farms Limited	c	276		220	
British Sugar PLC	a	379		242	
			617,346		536,978

		2012		2011	
	Key	£000	£000	£000	£000
Trade purchases					
Cargill PLC	b	(201)		(3,506)	
Cargill France	b	(12,926)		(7,239)	
AB Agri Limited	a	(197)		(213)	
The Jordans & Ryvita Company Limited	a	-		(146)	
Cargill Holdings BV	b	(200)		(178)	
Little Staughton Farms Limited	c	(626)		(513)	
Micronized Food Products Limited	c	(82)		(81)	
Cargill Spain	b	(1,873)		(65)	
Sun Valley Foods Limited	b	(7)		(5)	
Cargill Germany	b	-		(524)	
Cargill Geneva	b	-		(495)	
Cargill SA	b	(2)		(3)	
British Sugar PLC	a	(89)		(78)	
ABF Grain Products Limited	a	(23)		(18)	
			(16,226)		(13,064)

Notes (continued)

24 Related party disclosures (continued)

	Key	2012		2011	
		£000	£000	£000	£000
Service income					
AB Agri Limited	a		32		49
			<u>32</u>		<u>49</u>
Service expense					
Cargill PLC	b	(38)		(48)	
AB Agri Limited	a	(58)		(40)	
Cargill Inc	b	(2)		(4)	
		<u>(98)</u>		<u>(92)</u>	
Leasing income					
AB Agri Limited	a		17		20
			<u>17</u>		<u>20</u>
Leasing expense					
Cargill PLC	b	(670)		(616)	
Banks Mills Limited	c	(156)		(171)	
		<u>(826)</u>		<u>(787)</u>	
Management charges					
Cargill PLC	b		(15)		(31)
			<u>(15)</u>		<u>(31)</u>
Proceeds from disposal of assets					
AB Agri Limited	a		8		-
			<u>8</u>		<u>-</u>

Trading balances as at 30 June 2012 with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A B F Holdings Limited), participating interests and companies controlled by company directors are set out below

	Key	2012		2011	
		£000	£000	£000	£000
Debtors due within one year.					
Cargill PLC	b	13,840		24,420	
Allied Mills Limited	a	2,079		2,712	
The Jordans & Ryvita Company Limited	a	83		134	
Sun Valley Foods Limited	b	1,926		2,674	
AB Agri Limited	a	20,178		19,758	
Little Staughton Farms Limited	c	10		24	
Micronized Food Products Limited	c	158		198	
British Sugar PLC	a	85		10	
The Silver Spoon Company Limited	a	48		73	
Cargill Holdings BV	b	10		-	
		<u>38,417</u>		<u>50,003</u>	

Notes (continued)

24 Related party disclosures (continued)

		2012		2011	
	Key	£000	£000	£000	£000
Creditors due within one year:					
Banks Mills Limited	<i>c</i>	(45)		-	
Little Staughton Farms Limited	<i>c</i>	(83)		(20)	
Cargill PLC	<i>b</i>	(14)		(312)	
British Sugar PLC	<i>a</i>	(15)		(4)	
Micronized Food Products Limited	<i>c</i>	(4)		(5)	
AB Agri Limited	<i>a</i>	(13)		(66)	
			(174)		(407)

Key

- a - subsidiary of Associated British Foods PLC
- b - subsidiary of Cargill Incorporated
- c - controlled by RL Banks

	2012	2011
	£000	£000
Transactions involving joint ventures		
Service income	6	3
Port services	(1,442)	(1,496)
Management charges	44	47
Debtors due within one year	17	18
Creditors due within one year	(13)	(65)

Notes (continued)

25 Acquisitions

During the year the Company acquired the entire share capital of The Agronomy Partnership Limited. The assets acquired and consideration given are detailed below. A fair value adjustment to increase creditors by £20,000 has been recorded to reflect liabilities for dilapidation on leasehold property.

The Agronomy Partnership Limited	Book value £000	Fair value adjustment £000	Fair value £000
Tangible fixed assets	10	-	10
Stock	200	-	200
Debtors and prepayments	170	-	170
Cash	517	-	517
Creditors	(174)	(20)	(194)
Provisions	(2)	-	(2)
	<hr/>	<hr/>	<hr/>
Net assets acquired	721	(20)	701
Goodwill (note 10)			1,849
			<hr/>
			2,550
			<hr/>
<i>Satisfied by</i>			
Cash			2,350
Deferred consideration			200
			<hr/>
			2,550
			<hr/>

Immediately following the acquisition of The Agronomy Partnership Limited the Company acquired its entire trade and assets. The assets acquired and consideration given are detailed below.

The Agronomy Partnership Limited	Book value & Fair value £000
Tangible fixed assets	10
Stock	200
Debtors and prepayments	170
Cash	517
Creditors	(194)
Provisions	(2)
	<hr/>
Net assets acquired	701
Goodwill (note 10)	1,849
	<hr/>
	2,550
	<hr/>
<i>Satisfied by</i>	
Inter company loan	2,550
	<hr/>

Notes (continued)

25 Acquisitions (continued)

During the year the Company also acquired the entire trade and assets of Phoenix Agronomy Limited, its subsidiary company. The assets acquired and consideration given are detailed below.

Phoenix Agronomy Limited	Book and fair value £000
Tangible fixed assets	83
Stock	604
Debtors and prepayments	2,132
Cash	10
Creditors < 1 year	(1,862)
Creditors < 1 year	(503)
Provisions	(7)
	<hr/>
Net assets acquired	457
Goodwill (note 10)	3,261
	<hr/>
	3,718
	<hr/>
Satisfied by	
Inter company loan	3,718
	<hr/>

26 Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

The group has the ability to hedge its exposure to interest rate risk. As at 30 June 2012, no hedging instruments were in place (2011: none).

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

Notes (continued)

26 Financial instruments (continued)

Group	Note	Effective interest rate	2012			Effective interest rate	2011		
			Total £000	< 1 year £000	> 1 year £000		Total £000	< 1 year £000	> 1 year £000
Other debtors	14	2.92%	8,323	8,323	-	2.36%	7,017	7,017	-
Prepayments and accrued income	14	-	-	-	-	-	-	-	-
Bank loans and overdrafts	15	1.65%	(87,600)	(87,600)	-	1.62%	(138,668)	(138,668)	-
Obligations under hire purchase contracts	15, 16	-	-	-	-	6.99%	(18)	(13)	(5)
Other creditors	15	-	-	-	-	-	-	-	-
			<u>(79,277)</u>	<u>(79,277)</u>	<u>-</u>		<u>(131,669)</u>	<u>(131,664)</u>	<u>(5)</u>
			<u><u>(79,277)</u></u>	<u><u>(79,277)</u></u>	<u><u>-</u></u>		<u><u>(131,669)</u></u>	<u><u>(131,664)</u></u>	<u><u>(5)</u></u>

Company	Note	Effective interest rate	2012			Effective interest rate	2011		
			Total £000	< 1 year £000	> 1 year £000		Total £000	< 1 year £000	> 1 year £000
Other debtors	14	2.92%	8,323	8,323	-	2.36%	7,017	7,017	-
Prepayments and accrued income	14	-	-	-	-	-	-	-	-
Bank loans and overdrafts	15	1.65%	(87,600)	(87,600)	-	1.62%	(138,668)	(138,668)	-
Other creditors	15	-	-	-	-	-	-	-	-
			<u>(79,277)</u>	<u>(79,277)</u>	<u>-</u>		<u>(131,651)</u>	<u>(131,651)</u>	<u>-</u>
			<u><u>(79,277)</u></u>	<u><u>(79,277)</u></u>	<u><u>-</u></u>		<u><u>(131,651)</u></u>	<u><u>(131,651)</u></u>	<u><u>-</u></u>

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than sterling. The currencies giving rise to this risk are primarily Euro and US Dollars.

The Group hedges its estimated foreign currency exposure in respect of commodity contracts. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

In respect of other monetary assets and liabilities held in currencies other than sterling, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Changes in the fair value of forward exchange contracts that economically hedge commodity contracts in foreign currencies are recognised in the profit and loss account. Both the changes in fair value of the foreign exchange contracts and the foreign exchange gains and losses relating to the commodity contracts are recognised as part of cost of sales. The fair value of forward exchange contracts used as economic hedges of commodity contracts in foreign currencies at 30 June 2012 was £1,682,000 gain (2011: £791,000 loss) recognised in stock.

Notes (continued)

26 Financial instruments (continued)

Fair values

The fair value of financial instruments values together with the carrying amounts shown in the balance sheet are as follows

Group	Note	2012		2011	
		Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Other investments and loans	12	41	41	41	41
Commodity stocks and related contracts	13	3,557	3,557	1,503	1,503
Trade and other debtors	14	209,212	209,212	210,447	210,447
Cash		3	3	416	416
Bank loans and overdrafts	15	(87,600)	(87,600)	(138,668)	(138,668)
Trade and other creditors	15	(118,616)	(118,616)	(118,429)	(118,429)
		<u>6,597</u>	<u>6,597</u>	<u>(44,690)</u>	<u>(44,690)</u>
Unrecognised gain/(loss)			-		-

Company	Note	2012		2011	
		Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Other investments and loans	12	41	41	41	41
Loans to group undertakings	12	-	-	-	-
Commodity stocks and related contracts	13	3,557	3,557	1,503	1,503
Trade and other debtors	14	209,212	209,212	207,550	207,550
Cash		3	3	3	3
Bank loans and overdrafts	15	(87,600)	(87,600)	(138,668)	(138,668)
Trade and other creditors	15	(118,616)	(118,616)	(114,839)	(114,839)
		<u>6,597</u>	<u>6,597</u>	<u>(44,410)</u>	<u>(44,410)</u>
Unrecognised gain/(loss)			-		-