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Financial Statements Keepstem Limited and its subsidiary undertakings

For the period from 31 January 2010 to 29 January 2011



Company No. 3466000

Officers and professional advisers

Company registration number	3466000
Registered office	Wool Hall Farm Wykeham SPALDING Lincolnshire PE12 6HW
Directors	R Hancox A E Day M J Tate
Secretary	A E Day
Bankers	Lloyds TSB Bank plc Hall Place SPALDING Lincolnshire PE11 1SF
Solicitors	Roythornes LLP Enterprise Way Pinchbeck SPALDING Lincolnshire PE11 3YR Eversheds LLP Kett House Station Road CAMBRIDGE CB1 2JY
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Grant Thornton House Kettering Parkway Kettering Venture Park KETTERING Northants NN15 6XR

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Report of the directors

The directors present their report and the financial statements of the group for the period from 31 January 2010 to 29 January 2011

Principal activities and business review

The principal activities of the group are farming and its allied trades

The directors consider the performance of the group during the period to be satisfactory after taking into account the fact that December 2010 was the coldest for over a hundred years and remain confident of the future and in the group's ability to take advantage of opportunities as they arise

Results and dividends

The profit before tax for the period amounted to £291,341 (2010 - £944,942) The directors have not recommended a dividend

Key performance indicators

Financial
The group measures its financial performance using the following measures:

1) Growth in turnover is a key measure of the company's success in winning new business and retaining existing customers Turnover in the period of £94,356,601 was 2 6 % higher than the previous period

2) Gross profit of £3,182,255 was 3 4% of turnover compared to 3 9% in the previous period being a general reflection of the impact of the severely cold weather in November and December 2010 on crops in the ground at that time

3) Operating profit of £375,474 (2010 - profit £1,073,310) is stated after other operating charges of £2,806,781 in the period compared to operating charges of £2,518,883 in the previous period

Non-financial
The group measures its non-financial performance in several areas as follows

1) The securing of new business is a critical area if the business is to continue to grow The value of contracts won during the period is therefore closely monitored by the directors During the period the level of new business won was considered by the directors to be satisfactory

2) The service delivery to key customers is measured, usually on a monthly basis, in conjunction with those key customers in areas such as product availability, intake margin and quality scores These scores are monitored by the board to ensure the company is meeting its performance standards During the period the overall scores were consistently above target

Financial risk management objectives and policies

The group uses various financial instruments including loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations

The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below

The main risks arising from the group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk

Market risk
Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk The group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below

Liquidity risk
The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

Short-term flexibility is achieved by an asset backed bank lending facility

Interest rate risk
The group finances its operations through a mixture of retained profits, bank borrowings and hire purchase agreements The group exposure to interest rate fluctuations on its borrowings is mitigated by the use of fixed interest hire purchase agreements

Credit risk
The group's principal financial assets are cash and trade debtors

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history

The directors and their interests

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows

	Class of share	At 29 January 2011	At 30 January 2010
R Hancox	'A' ordinary shares of £1 each	**6,000**	6,000
A E Day	'A' ordinary shares of £1 each	**2,000**	2,000
M J Tate	'A' ordinary shares of £1 each	**2,000**	2,000

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period In preparing those 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 are 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Donations

During the period the group made charitable donations totalling £1,796 (2010 - £2,040)

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

A E Day
Secretary

11th July 2011

Grant Thornton

Independent auditor's report to the members of Keepstem Limited

(registered number 3466000)

We have audited the financial statements of Keepstem Limited for the period ended 29 January 2011 which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses, the group and parent company reconciliation of movement in shareholders' funds 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 29 January 2011 and of the group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Grant Thornton

Independent auditor's report to the members of Keepstem Limited

(registered number 3466000)

Opinion on other matters 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

Grant Thornton UK LLP

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

13 July 2011.

Accounting policies

Basis of accounting

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

The directors consider that the group has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

The principal accounting policies of the company are set out below

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 11) drawn up to 29 January 2011 Acquisitions of subsidiaries are dealt with by the acquisition method of accounting, except for those qualifying as group reconstructions where merger accounting is permitted

The company is entitled to the merger relief offered by section 612 of the Companies Act 2006 in respect of the consideration received in excess of the nominal value of the equity shares issued in connection with the acquisition of LFP Marketing Limited

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT Revenue from the sale of goods and services is recognised when significant risks and benefits of ownership of the product have transferred to the buyer

Fixed assets

All fixed assets are initially recorded at cost

Stocks

Stocks and growing crops are valued in accordance with BEN 19 and 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

Work in progress

Produce is valued on the basis of direct costs plus attributable overheads based on normal level of activity Provision is made for any foreseeable losses where appropriate No element of profit is included in the valuation of produce

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset on a straight line basis as follows

Freehold buildings	-	2%
Plant & equipment	-	5% - 33%

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

Pension costs and other post-retirement benefits

Defined Benefit Pension Scheme
The group has applied the Amendment to FRS 17 Retirement Benefits which is effective for accounting periods commencing on or after 6 April 2007 The amendment to FRS 17 primarily affects disclosures in relation to defined benefit pension schemes However for quoted securities the fair value is now taken to be the current bid price rather than the mid-market value This change has affected disclosure only and has not lead to any prior period adjustment

Scheme assets are measured at fair values Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at the appropriate high quality corporate bond rates The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet A net surplus is recognised only to the extent that it is recoverable by the company

The current service cost and costs from settlements and curtailments are charged against operating profit Past service costs are spread over the period until the benefit increases vest Interest charged on scheme liabilities and the expected return on scheme assets are included in other finance costs Actuarial gains and losses are reported in the statement of total recognised gains and losses

Defined Contribution Pension Scheme
The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period

Retirement benefits other than pensions are accounted for in the same way

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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

Government assistance

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

Group profit and loss account

	Note	29 Jan 11 £	30 Jan 10 £
Turnover	1	**94,356,601**	91,999,697
Cost of sales	2	**91,174,346**	88,407,504
Gross profit		**3,182,255**	3,592,193
Other operating charges	2	**2,806,781**	2,518,883
Operating profit	3	**375,474**	1,073,310
Interest receivable	6	**(132,488)**	(153,838)
Interest payable and similar charges	7	**216,621**	282,206
Profit on ordinary activities before taxation		**291,341**	944,942
Tax on profit on ordinary activities	8	**88,802**	269,591
Profit for the financial period	22	**202,539**	675,351

All of the activities of the company are classed as continuing

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account

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

Group balance sheet

	Note	29 Jan 11 £	30 Jan 10 £
Fixed assets			
Tangible assets	10	**8,546,677**	8,213,823
Current assets			
Stocks	12	**4,460,875**	4,010,524
Debtors - due within one year	13	**11,237,719**	12,996,959
Debtors - due after more than one year	13	**3,548,000**	4,025,000
Cash at bank		**978,578**	958,826
		20,225,172	21,991,309
Creditors: amounts falling due within one year	14	**13,315,926**	15,058,732
Net current assets		**6,909,246**	6,932,577
Total assets less current liabilities		**15,455,923**	15,146,400
Creditors: amounts falling due after more than one year	15	**4,006,082**	4,005,043
		11,449,841	11,141,357
Provisions for liabilities			
Pensions	18	**-**	540,720
Deferred taxation	17	**102,717**	11,172
		11,347,124	10,589,465
Capital and reserves			
Called-up equity share capital	21	**10,000**	10,000
Share premium account	22	**304,229**	304,229
Other reserves	22	**1,610,893**	1,610,893
Profit and loss account	22	**9,422,002**	8,664,343
Shareholders' funds	23	**11,347,124**	10,589,465

These financial statements were approved by the directors on 14th July 2011 and are signed on their behalf by

R Hancox
Director

Company registration number 3466000

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

Balance sheet

	Note	29 Jan 11 £	30 Jan 10 £
Fixed assets			
Investments	11	**8,569,661**	8,569,661
Current assets			
Debtors	13	**749,722**	1,161,054
Cash at bank		**-**	-
		749,722	1,161,054
Creditors: amounts falling due within one year	14	**268,885**	415,684
Net current assets		**480,837**	745,370
Total assets less current liabilities		**9,050,498**	9,315,031
Creditors: amounts falling due after more than one year	15	**3,101,104**	3,368,175
		5,949,394	5,946,856
Capital and reserves			
Called-up equity share capital	21	**10,000**	10,000
Share premium account	22	**304,229**	304,229
Other reserves	22	**1,610,893**	1,610,893
Profit and loss account	22	**4,024,272**	4,021,734
Shareholders' funds	23	**5,949,394**	5,946,856

These financial statements were approved by the directors on 18th July 2011 and are signed on their behalf by

R Hancox
Director

Company registration number 3466000

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

Group cash flow statement

	Note	Period from 31 Jan 10 to 29 Jan 11 £	Period from 1 Feb 09 to 31 Jan 10 £
Net cash inflow/(outflow) from operating activities	25	**1,568,744**	(198,757)
Returns on investments and servicing of finance			
Interest received		**116,173**	306,071
Interest paid		**(158,036)**	(167,012)
Interest element of finance leases and hire purchase		**(57,585)**	(56,194)
Net cash (outflow)/inflow from returns on investments and servicing of finance		**(99,448)**	82,865
Taxation		**(258,765)**	(111,720)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(363,192)**	(320,657)
Receipts from sale of fixed assets		**749,316**	334,350
Loan repayment received		**31,850**	676,945
Net cash inflow for capital expenditure and financial investment		**417,974**	690,638
Financing			
Receipts of bank loans		**-**	2,500,000
Repayment of bank loans		**(335,918)**	(6,528)
Capital element of finance leases and hire purchase		**(1,272,835)**	(977,878)
Net cash (outflow)/inflow from financing		**(1,608,753)**	1,515,594
Increase in cash	25	**19,752**	1,978,620

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

Other primary statements

Statement of total recognised gains and losses

	Note	Period ended 29 Jan 11 £	Period ended 30 Jan 10 £
Profit for the financial period attributable to the shareholders of the parent company		**202,539**	675,351
Actuarial gains/(loss) in respect of defined benefit pension scheme	18	**555,120**	(399,600)
Total gains and losses recognised for the period		**757,659**	275,751

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

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group
An analysis of turnover is given below

	Period ended 29 Jan 11 £	Period ended 30 Jan 10 £
United Kingdom	**94,349,469**	91,976,146
Europe	**7,132**	23,551
	94,356,601	91,999,697

2 Analysis of cost of sales and operating charges

	Period ended 29 Jan 11 £	Period ended 30 Jan 10 £
Cost of sales	**91,174,346**	88,407,504
Administrative expenses	**2,806,781**	2,518,883

3 Operating profit

Operating profit is stated after charging/(crediting)

	Period ended 29 Jan 11 £	Period ended 30 Jan 10 £
Depreciation of owned fixed assets	**943,087**	1,205,480
Depreciation of assets held under finance leases and hire purchase agreements	**556,710**	380,493
Profit on disposal of fixed assets	**(358,350)**	(94,375)
Auditor's remuneration		
Audit fees	**22,950**	22,950
Accountancy fees	**7,065**	17,175
Operating lease costs		
Plant and equipment	**236,606**	209,552
Other operating lease rentals	**1,247,239**	1,732,158
Government assistance receivable	**(309,116)**	(273,772)

4 Particulars of employees

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

	Period ended 29 Jan 11 No	Period ended 30 Jan 10 No
Number of production staff	**117**	107
Number of administration staff	**11**	11
Number of selling staff	**9**	9
	137	127

The aggregate payroll costs of the above were

	Period Ended 29 Jan 11 £	Period ended 30 Jan 10 £
Wages and salaries	**3,609,913**	3,424,153
Social security costs	**374,616**	355,461
Other pension costs	**295,919**	289,859
	4,280,448	4,069,473

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (see note 7) and amounts recognised in the statement of recognised gains and losses

5 Directors

Remuneration in respect of directors was as follows

	Period ended 29 Jan 11 £	Period ended 30 Jan 10 £
Emoluments receivable	**421,526**	483,550
Value of company pension contributions to money purchase schemes	**13,482**	-
	435,008	483,550

Emoluments of highest paid director

	Period ended 29 Jan 11 £	Period ended 30 Jan 10 £
Total emoluments (excluding pension contributions)	**169,772**	200,688
Value of company pension contributions to money purchase schemes	**-**	-
	169,772	200,688

Directors (continued)

The number of directors who accrued benefits under company pension schemes were as follows

	Period ended 29 Jan 11 No	Period ended 30 Jan 10 No
Money purchase schemes	2	2
Defined benefit schemes	1	1

6 Interest receivable

	Period ended 29 Jan 11 £	Period ended 30 Jan 10 £
Bank interest receivable	389	3
Interest receivable from related undertakings	132,099	153,835
	132,488	153,838

7 Interest payable and similar charges

	Period ended 29 Jan 11 £	Period ended 30 Jan 10 £
Interest payable on bank borrowing	148,237	137,691
Finance charges	57,585	56,194
Net finance costs in respect of defined benefit pension schemes	1,000	59,000
Other finance costs	9,799	29,321
	216,621	282,206

8 Taxation on ordinary activities

(a) Analysis of charge in the period	Period Ended 29 Jan 11 £	Period ended 30 Jan 10 £
Current tax		
UK Corporation tax based on the results for the period at 21% (2010 - 28%)	8,581	264,078
(Over)/under provision in prior period	(5,724)	1,183
Total current tax	2,857	265,261
Deferred tax		
Origination and reversal of timing differences	91,545	(37,390)
FRS 17 pension scheme timing differences	(5,600)	41,720
Tax on profit on ordinary activities	88,802	269,591

Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge	**Period ended 29 Jan 11** £	Period ended 30 Jan 10 £
Profit on ordinary activities before taxation	**291,341**	944,942
Profit on ordinary activities by rate of tax	**61,182**	264,584
Income not taxable for tax purposes	**-**	(35,738)
Expenses not deductible for tax purposes	**14,181**	(2,271)
Depreciation in (deficit)/excess of capital allowances	**(66,991)**	33,402
Adjustments to tax charge in respect of previous periods	**(5,515)**	1,183
Other timing differences	**-**	4,101
Total current tax (note 8(a))	**2,857**	265,261

9 Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company was £2,538 (2010 - £14,067)

10 Tangible fixed assets

Group	**Freehold Property** £	**Plant & Equipment** £	**Total** £
Cost			
At 31 January 2010	4,945,951	12,645,280	17,591,231
Additions	-	2,223,617	2,223,617
Disposals	-	(1,684,016)	(1,684,016)
At 29 January 2011	4,945,951	13,184,881	18,130,832
Depreciation			
At 31 January 2010	849,820	8,527,588	9,377,408
Charge for the year	67,203	1,432,594	1,499,797
On disposals	-	(1,293,050)	(1,293,050)
At 29 January 2011	917,023	8,667,132	9,584,155
Net book value			
At 29 January 2011	**4,028,928**	**4,517,749**	**8,546,677**
At 30 January 2010	4,096,131	4,117,692	8,213,823

Included within the net book value of £8,546,677 is £2,734,289 (2010 - £1,791,284) relating to assets held under finance leases and hire purchase agreements The depreciation charged to the financial statements in the period in respect of such assets amounted to £556,710 (2010 - £380,493)

Freehold property includes land held at a value of £1,321,146 (2010 - £1,321,146) which is not being depreciated

Company
The company has no tangible fixed assets

11 Investments

Company	Group companies £
Cost	
At 30 January 2010	8,757,961
Disposals	-
At 29 January 2011	8,757,961
Amounts written off	
At 30 January 2010 and 29 January 2011	188,300
Net book value	
At 29 January 2011	**8,569,661**
At 30 January 2010	8,569,661

At 29 January 2011 the group held 20% or more of the allotted share capital of the following

	Country of incorporation	Class of share capital held	Proportion held by parent company	Proportion held by the group	Nature of business
Lincolnshire Field Products Limited	England & Wales	Ordinary	100%	100%	Farming and its allied trades
LFP Marketing Limited	England & Wales	Ordinary	100%	100%	Dormant

12 Stocks

	The group		The company	
	29 Jan 11 £	30 Jan 10 £	**29 Jan 11** £	30 Jan 10 £
Growing crops and tenant right	**826,958**	994,471	-	-
Produce	**2,189,142**	1,763,838	-	-
Consumables	**1,444,775**	1,252,215	-	-
	4,460,875	4,010,524	-	-

13 Debtors

	The group		The company	
	29 Jan 11	30 Jan 10	**29 Jan 11**	30 Jan 10
	£	£	**£**	£
Due within one year				
Trade debtors	**7,910,729**	10,281,954	**-**	-
VAT recoverable	**626,991**	385,861	**-**	-
Amounts owed by related undertakings	**591,707**	575,392	**-**	-
Amounts owed by group undertakings	**-**	-	**749,722**	1,161,054
Prepayments and accrued income	**2,108,109**	1,753,752	**-**	-
Other debtors	**183**	-	**-**	-
	11,237,719	12,996,959	**749,722**	1,161,054

	The group		The company	
	29 Jan 11	30 Jan 10	**29 Jan 11**	30 Jan 10
	£	£	**£**	£
Due after more than one year				
Amounts owed by related undertakings	**3,548,000**	4,025,000	**-**	-

14 Creditors: amounts falling due within one year

	The group		The company	
	29 Jan 11	30 Jan 10	**29 Jan 11**	30 Jan 10
	£	£	**£**	£
Bank loans and overdrafts	**267,050**	335,897	**267,050**	335,897
Trade creditors	**11,482,362**	12,897,843	**-**	-
Corporation tax	**2,857**	264,365	**-**	-
Amounts owed to related undertakings	**496,216**	757,288	**-**	-
Amounts due under finance leases and hire purchase agreements	**826,422**	506,942	**-**	-
Other taxation and social security	**101,711**	91,636	**-**	-
Other creditors	**38,212**	36,294	**-**	-
Accruals and deferred income	**101,096**	168,467	**1,835**	79,787
	13,315,926	15,058,732	**268,885**	415,684

The following liabilities disclosed under creditors falling due within one year are secured by the company

	The group		The company	
	29 Jan 11	30 Jan 10	**29 Jan 11**	30 Jan 10
	£	£	**£**	£
Bank loans and overdrafts	**267,050**	335,897	**267,050**	335,897

15 Creditors: amounts falling due after more than one year

	The group		The company	
	29 Jan 11	30 Jan 10	**29 Jan 11**	30 Jan 10
	£	£	**£**	£
Bank loans	**3,101,104**	3,368,175	**3,101,104**	3,368,175
Amounts due under finance leases and hire purchase agreements	**904,978**	636,868	**-**	-
	4,006,082	4,005,043	**3,101,104**	3,368,175

The bank loans are secured by a fixed and floating charge over the group's assets

The term loan of £1,365,400 is repayable in 19 equal quarterly instalments of £69,105 beginning in July 2009 with a final instalment of £52,405 due in April 2014 Interest is charged at 2 6% above 3 month LIBOR The 3 year revolving line of credit commencing April 2009 is repayable by April 2012 Interest is charged at 2 45% above 3 month LIBOR

Under Financial Reporting Standard 4 the bank loans are stated net of issue costs These costs are being amortised over the life of the loans

Amounts due under hire purchase contracts are secured on the assets to which they relate

16 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows

	The group		The company	
	29 Jan 11	30 Jan 10	**29 Jan 11**	30 Jan 10
	£	£	**£**	£
Amounts payable within 1 year	**826,422**	506,942	**-**	-
Amounts payable between 1 and 2 years	**698,112**	390,792	**-**	-
Amounts payable between 3 and 5 years	**206,866**	246,076	**-**	-
	1,731,400	1,143,810	**-**	-

17 Deferred taxation

The movement in the deferred taxation provision during the period was

	The group		The company	
	29 Jan 11	30 Jan 10	**29 Jan 11**	30 Jan 10
	£	£	**£**	£
Provision brought forward	**11,172**	48,562	**-**	-
(Decrease)/increase in provision	**91,545**	(37,390)	**-**	-
Provision carried forward	**102,717**	11,172	**-**	-

Deferred taxation (continued)

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

Group	29 Jan 11		30 Jan 10	
	Provided	**Unprovided**	Provided	Unprovided
	£	**£**	£	£
Excess of taxation allowances over depreciation on fixed assets	**109,583**	-	18,292	-
Other timing differences	**(6,866)**	-	(7,120)	-
	102,717	-	11,172	-
Company				
Losses and other deductions	-	-	-	-

18 Pension commitments

Defined Benefit Pension Scheme
The Group operates a defined benefit scheme for the benefit of the employees and one director however this scheme was closed to future accrual on 31st August 2010 On 1st September 2010 the group established a new group personal pension plan for the benefit of the employees and one director

The assets of the defined benefit scheme are administered by trustees in funds independent from those of the Group

Pension costs are assessed in accordance with the advice of a qualified actuary using the Minimum Funding Requirement method The assumptions which have had the most significant effect on the results of the valuation are as follows

(i) A valuation investment return of 6 2% on existing assets and new contributions

(ii) Future pensionable salary increase of 3 7% per annum

The most recent valuation was as at 1 July 2009

The market value of scheme assets as at 1 July 2009 was £2,165,000 The actuarial value of those assets was sufficient to cover 57 6% of the benefits that had accrued to members, after allowing for expected future increases in earnings The deficit is being eliminated by increasing the contribution rates

Defined Contribution Pension Scheme
The Group also operates a defined contribution scheme for the benefit of the employees and directors The assets of the scheme are administered by trustees in funds independent from those of the Group

Pension commitments (continued)

FRS 17 Disclosure Requirements

The costs and liabilities of the scheme are based on actuarial valuations The most recent actuarial valuation was carried out at 1 July 2009 and updated to 29 January 2011 by a qualified independent actuary

Because the scheme is closed to new entrants, the current service cost under the projected unit method will increase as the members of the scheme approach retirement

The principal actuarial assumptions used by the actuaries were as follows

	2011 %	2010 %
Discount rate	**5 6**	5 5
Expected return on plan assets	**5 9**	6 9
Future salary increases	**n/a**	4 1
Future pension increases	**3.7**	3 6
Inflation assumption	**3.7**	3 6

The life expectancy of a male member reaching age 65 in 2011 is projected to be 87 years The life expectancy of a female member reaching age 65 in 2011 is projected to be 90 years

The expected return on Bonds and Other assets is determined by reference to UK long dated government bon yields at the balance sheet date, adjusted for investment management charges The expected return on equities is based on the rate of return on bonds with an allowance for out-performance

The amounts recognised in profit or loss are as follows

	29 Jan 11 £	30 Jan 10 £
Current service costs	**92,000**	91,000
Interest on obligation	**189,000**	157,000
Expected return on plan assets	**(188,000)**	(98,000)
Losses on curtailments and settlements	**182,000**	-
Total	**275,000**	150,000

The current service cost is recognised within other pensions costs and the difference between the interest on obligation and the expected return on plan asserts is recognised within finance costs

The amounts recognised in the consolidated balance sheet are as follows

	29 Jan 11 £	30 Jan 10 £
Fair value of plan assets	**3,115,000**	2,587,000
Present value of funded retirement benefit obligations	**(2,789,000)**	(3,338,000)
	326,000	(751,000)
Adjustment resulting from the limit on the amount that can be recognised as an asset on the balance sheet	**(326,000)**	-
Related deferred tax asset	**-**	210,280
Net pension asset/(liability)	**-**	(540,720)

Pension commitments (continued)

The major categories of plan asset, as a percentage of the total plan assets, as follows

	2011 %	2010 %
Equities	**64**	71
Bonds	**17**	23
Property	**3**	6
Cash	**16**	-

The actual return on plan assets was £280,000 (2010 – £(351,000))

Changes in the present value of the defined benefit obligation are as follows

	29 Jan 11 £	30 Jan 10 £
Opening defined benefit obligation at start of period	**3,338,000**	2,282,000
Current service cost	**92,000**	91,000
Interest cost	**189,000**	157,000
Actuarial gains	**(1,005,000)**	808,000
Losses on curtailments	**182,000**	-
Benefits paid	**(7,000)**	-
Closing defined benefit obligation at end of period	**2,789,000**	3,338,000

Changes in the fair value of plan assets are as follows

	29 Jan 11 £	30 Jan 10 £
Opening fair value of plan assets at start of period	**2,587,000**	1,937,000
Expected return	**188,000**	98,000
Actuarial gains	**92,000**	253,000
Contributions by employer	**255,000**	299,000
Benefits paid	**(7,000)**	-
Closing fair value of plan assets at end of period	**3,115,000**	2,587,000

The cumulative actuarial losses recognised in the statement of total recognised gains and losses were £616,000

Amounts for the current and previous four periods are as follows

	2011 £	2010 £	2009 £	2008 £	2007 £
Fair value of plan assets	**3,115,000**	2,587,000	1,937,000	2,066,000	1,859,000
Present value of defined benefit Obligation	**2,789,000**	3,338,000	2,282,000	2,344,000	2,829,000
Surplus/(deficit) in the plan	**326,000**	(751,000)	(345,000)	(278,000)	(970,000)
Experience adjustments arising on plan assets	**92,000**	253,000	(537,000)	(153,000)	57,000
Experience adjustments arising on plan liabilities	**970,000**	57,000	(12,000)	(49,000)	13,000

19 Commitments under operating leases

At 29 January 2011 the group had annual commitments under non-cancellable operating leases as set out below

The group

	29 Jan 11		30 Jan 10	
	Land and buildings	**Other items**	Land and Buildings	Other items
	£	**£**	£	£
Operating leases which expire				
Within 1 year	**575,458**	**9,072**	688,071	5,694
Within 2 to 5 years	**61,532**	**150,452**	99,556	118,273
After more than 5 years	**260,130**	**-**	260,130	-
	897,120	**159,524**	1,047,757	123,967

20 Related party transactions

During the year the group purchased items amounting to £203,430 (2010 - £213,651) from Melanie Phair Ltd Melanie Phair Ltd is a private limited company wholly owned by the wife of M J Tate a director of the company These purchases were made on normal commercial terms The amount owed to Melanie Phair Ltd by the group at the period end was £52,274 (2010 - £62,811) During the period Melanie Phair Ltd purchased from the group sundry materials at a cost of £24,535 (2010 - £24,449) The amount owed by Melanie Phair Ltd to the group at the period end was £16,073 (2010 - £12,580)

During the period the group purchased transport services amounting to £4,036,306 (2010 - £3,767,928) from FreshLinc Ltd FreshLinc Ltd is a private limited company wholly owned by the directors of the company These purchases were made on normal commercial terms The amount owed to FreshLinc Ltd by the group at the period end was £496,216 (2010 - £757,288) During the period FreshLinc Ltd purchased from the group sundry materials and management services at a cost of £296,149 (2010 - £303,505) The amount owed by FreshLinc Ltd to the group at the period end was £3,930 (2010 - £7,459)

The group has an unsecured loan note with FreshLinc Limited The loan note is interest bearing at 2 45% above 3 month LIBOR During the current period interest of £132,099 (2010 - £153,835) was receivable by the group The amount owed by FreshLinc Limited to the group at the period end was £4,139,707 (2010 - £4,600,392)

21 Share capital

Authorised share capital

	29 Jan 11 £	30 Jan 10 £
90,000 'A' cumulative redeemable preference shares of £1 each	**90,000**	90,000
1,500,000 'B' cumulative redeemable preference shares of £0 75 each	**1,125,000**	1,125,000
10,000 'A' ordinary shares of £1 each	**10,000**	10,000
2,484 'B' ordinary shares of £1 each	**2,484**	2,484
	1,227,484	1,227,484

Allotted and called up

	29 Jan 11 No	£	30 Jan 10 No	£
'A' ordinary shares of £1 each	**10,000**	**10,000**	10,000	10,000

22 Reserves

Group	Share premium account £	Capital redemption reserve £	Merger reserve £	Profit and loss account £
At 30 January 2010	304,229	1,005,170	605,723	8,664,343
Profit for the year	-	-	-	202,539
Defined pension benefit scheme	-	-	-	555,120
At 29 January 2011	**304,229**	**1,005,170**	**605,723**	**9,422,002**

Company	Share premium account £	Capital redemption reserve £	Merger reserve £	Profit and loss account £
At 30 January 2010	304,229	1,005,170	605,723	4,021,734
Profit for the year	-	-	-	2,538
At 29 January 2011	**304,229**	**1,005,170**	**605,723**	**4,024,272**

23 Reconciliation of movements in shareholders' funds

Group	29 Jan 11 £	30 Jan 10 £
Profit for the financial period	**202,539**	675,351
Defined benefit pension scheme	**555,120**	(399,600)
Net increase in shareholders' funds	**757,659**	275,751
Opening shareholders' funds	**10,589,465**	10,313,714
Closing shareholders' funds	**11,347,124**	10,589,465

Reconciliation of movements in shareholders' funds (continued)

Company	29 Jan 11 £	30 Jan 10 £
Profit for the financial period	**2,538**	14,067
Net increase to shareholders' funds	**2,538**	14,067
Opening shareholders' funds	**5,946,856**	5,932,789
Closing shareholders' funds	**5,949,394**	5,946,856

24 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £900,358 (2010 - £790,823)

25 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	29 Jan 11 £	30 Jan 10 £
Operating Profit	**375,474**	1,073,310
Depreciation	**1,499,797**	1,585,973
FRS17 adjustment	**13,400**	(166,280)
Profit on disposal of fixed assets	**(358,350)**	(94,375)
Increase in stocks	**(450,351)**	(924,541)
Decrease/(increase) in debtors	**2,220,705**	(1,744,601)
(Decrease)/increase in creditors	**(1,731,931)**	71,757
Net cash inflow from operating activities	**1,568,744**	(198,757)

Reconciliation of net cash flow to movement in net funds

	29 Jan 11 £	30 Jan 10 £
Increase in cash in the period	**19,752**	1,978,620
Net cash inflow from bank loans	**335,918**	(2,493,472)
Cash outflow in respect of finance leases and hire purchase	**1,272,835**	977,878
Change in net funds resulting from cash flows	**1,628,505**	463,026
Inception of hire purchase agreements	**(1,860,425)**	(1,350,758)
Change in net funds	**(231,920)**	(887,732)
Net debt at 30 January 2010	**(3,889,056)**	(3,001,324)
Net debt at 29 January 2011	**(4,120,976)**	(3,889,056)

Notes to the statement of cash flows (continued)
Analysis of changes in net debt

	At 31 Jan 2010 £	Cash flows £	Non-cash items £	At 29 Jan 2011 £
Cash in hand and at bank	958,826	19,752	-	**978,578**
	958,826	19,752	-	**978,578**
Bank loans	(3,704,072)	335,918	-	**(3,368,154)**
Finance leases	(1,143,810)	1,272,835	(1,860,425)	**(1,731,400)**
	(3,889,056)	1,628,505	(1,860,425)	**(4,120,976)**