

Company Registration No. 00019739

PIC Fyfield Limited

Report and Financial Statements

30 June 2012



PIC Fyfield Limited

Report and financial statements 2012

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PIC Fyfield Limited

Report and financial statements 2012

Officers and professional advisers

Directors

K Bitar (appointed 30 September 2011)
J G Worby
D Noonan
R Wood (resigned 30 September 2011)

Secretary

I Farrelly

Registered office

Belvedere House
Basing View
Basingstoke
Hampshire
RG21 4HG

Auditor

Deloitte LLP
Reading, United Kingdom

PIC Fyfield Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2012

Business review and principal activities

The company acts as an investment holding company and provides management services to fellow group undertakings

Results and dividends

The results for the period are set out on page 6

The outstanding balance of the non-interest bearing loan receivable from Sygen International Limited was £411m (2011 £411m)

The directors recommend the payment of a final dividend of £67,000,000 (2011 £250,000,000)

Going concern

The company's business activities are detailed above. Liquidity is managed at group level using long term group bank facilities. Having considered the uncertainties in the current economic environment, and the letter of support received from the ultimate parent company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Key performance indicators, risks and uncertainties

The company is subject to foreign exchange risk, interest risk and the risk of the underlying trading performance of its subsidiary undertakings.

The directors consider the key performance indicator to be the carrying value of the investments. An assessment of impairment is undertaken where there are possible indicators of impairment, and on an annual basis.

Directors

The directors who served on the board during the year and to the date of this report, are stated on page 1.

Auditor

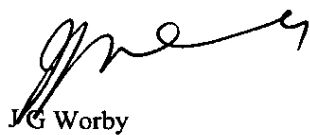
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



J.G. Worby

Director

29 November 2012

PIC Fyfield Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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.

Independent auditor's report to the members of PIC Fyfield Limited

We have audited the financial statements of PIC Fyfield Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. 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 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 the directors and the auditor

As explained more fully in the Statement of Directors' Responsibilities, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the 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.

Independent auditor's report to the members of PIC Fyfield Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Duncan Leslie ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

29 November 2012

PIC Fyfield Limited

Profit and loss account Year ended 30 June 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	206	184
Staff costs	4	(387)	(184)
Other operating expenses		(398)	(521)
Exceptional item – pension curtailment gain	16	-	660
Operating (loss)/profit		<u>(579)</u>	<u>139</u>
Amounts written off investments		(2,406)	-
Net finance income/(expense)	5	1,973	(93)
Income from fixed asset investments		<u>71,206</u>	<u>47,837</u>
Profit on ordinary activities before taxation	3	70,194	47,883
Tax (charge)/credit on profit on ordinary activities	6	<u>(937)</u>	<u>1,149</u>
Profit for the financial year	14,15	<u><u>69,257</u></u>	<u><u>49,032</u></u>

All amounts derive from continuing operations

PIC Fyfield Limited

Statement of total recognised gains and losses Year ended 30 June 2012

	Notes	2012 £'000	2011 £'000
Profit for the financial year		69,257	49,032
Actuarial gain relating to pension scheme, net of irrecoverable pension surplus not recognised	16	(490)	(2,700)
Actuarial loss relating to other retirement benefits included in provisions	12	(110)	(60)
Deferred tax on the above items		88	388
Total recognised gains and losses relating to the year		<u>68,745</u>	<u>46,660</u>

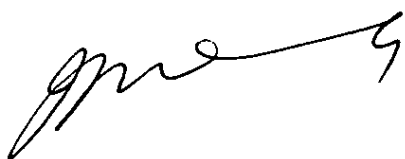
PIC Fyfield Limited

Balance sheet 30 June 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	7	-	-
Investment in group undertakings	8	586,285	588,929
		<u>586,285</u>	<u>588,929</u>
Current assets			
Debtors	9	6,356	7,414
Cash at bank and in hand		136	145
		<u>6,492</u>	<u>7,559</u>
Creditors: amounts falling due within one year	11	(110,333)	(115,631)
Net current liabilities		<u>(103,841)</u>	<u>(108,072)</u>
Total assets less current liabilities		<u>482,444</u>	<u>480,857</u>
Creditors: amounts falling due after one year			
Provisions for liabilities and charges	12	(3,412)	(3,509)
Net assets excluding pension liabilities		<u>479,032</u>	<u>477,348</u>
Pension liabilities	16	(1,041)	(1,102)
Net assets including pension liabilities		<u>477,991</u>	<u>476,246</u>
Capital and reserves			
Called up share capital	13	292,269	292,269
Share premium account	14	158,270	158,270
Capital redemption reserve	14	7,277	7,277
Profit and loss account	14	20,175	18,430
Total shareholder's funds	15	<u>477,991</u>	<u>476,246</u>

These financial statements for PIC Fyfield Limited (company registration number 00019739) were approved by the Board of Directors and authorised for issue on 29 November 2012

Signed on behalf of the Board of Directors



J G Worby
Director

PIC Fyfield Limited

Notes to the financial statements

Year ended 30 June 2012

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and the preceding year.

Going concern

The company's business activities are detailed in the Directors' Report. Having considered the uncertainties in the current economic environment, and the letter of support received from the ultimate parent company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Consolidation

The profit and loss account and balance sheet are those of the company. Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Genus plc, a company incorporated in the United Kingdom (see note 18).

Turnover

Turnover comprises of management expenses charged to group undertakings, excluding VAT.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Fixtures and fittings and computers - 10% - 33%

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment in value.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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Notes to the financial statements Year ended 30 June 2012

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Foreign currencies

Profit and loss items are translated into sterling at average exchange rates. Assets and liabilities are translated at the rates on 30 June 2012. Exchange gains or losses on trading items are taken to the profit and loss account. Exchange differences which arise on the settlement of other transactions and on the translation of other monetary assets and liabilities are dealt with in the profit and loss account

Pensions

The company is a member of the Dalgety Pension Fund, which is a funded defined benefit scheme providing benefits based on final pensionable salary. The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet. Pension assets are recognised to the extent to which a surplus is regarded as recoverable

Leases

Operating lease rentals are charged as incurred

Cash flow statement

Under the provisions of FRS 1 (revised), the company has not produced a cash flow statement on the grounds that its ultimate parent company, Genus plc, has produced group financial statements including a consolidated cash flow statement

2. Turnover

All turnover originates in the United Kingdom and relates to charges for management services provided to fellow group undertakings. The split of turnover by geographic destination is as follows

	2012 £'000	2011 £'000
United Kingdom	206	184

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Notes to the financial statements Year ended 30 June 2012

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is calculated after charging

	2012 £'000	2011 £'000
Auditor's remuneration – audit fees	<u>1</u>	<u>2</u>

4. Directors and employees

The average number of persons employed by the company during the year was 3 (2011 3)

The costs incurred in respect of these employees were

	2012 £'000	2011 £'000
Wages and salaries	289	274
Social security costs	38	33
Other pension cost/(income)	60	(123)
	<u>387</u>	<u>184</u>

The emoluments of the directors (excluding pension contributions) were as follows

	2012 £'000	2011 £'000
Remuneration for managerial services	<u>167</u>	<u>155</u>

The emoluments (excluding pension contributions) of the highest paid director were £137,000 (2011 £115,000)

The remuneration of the other three directors (2011 two) has been borne by the ultimate parent company, Genus plc, in both the current and preceding period. It is not practicable to allocate these amounts between the individual companies that they serve.

The company has certain obligations in relation to unfunded pension obligations of former directors of the company. Details regarding the provision made are disclosed in note 12. A total of £40,000 (2011 £40,000) was paid to former directors under this scheme during the period.

There are no directors for whom retirement benefits are accruing under the Dalgety Pension Fund (2011 one)

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Notes to the financial statements Year ended 30 June 2012

5. Net finance income

	2012 £'000	2011 £'000
Interest payable and similar charges:		
Interest payable to group undertakings	(554)	(310)
Interest receivable and similar income:		
Interest receivable by group undertakings	1,957	-
Foreign exchange gains on third party and intra group balances	385	237
Net pension income in respect of pension schemes (see note 16)	360	220
Other finance charges:		
Unwind discount on provisions (see note 12)	(175)	(240)
Net finance income/(expense)	1,973	(95)

6. Tax credit/(charge) on profit on ordinary activities

	2012 £'000	2011 £'000
UK corporation tax	720	(312)
Adjustments in respect of prior periods	(57)	(615)
Current tax credit/(charge) on income for the year	663	(927)
Deferred taxation (see note 10)	274	(222)
Total tax credit/(charge) for the year	937	(1,149)
Factors affecting tax credit/(charge) for the year		
	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	70,142	47,883
United Kingdom corporation tax at 25.5% (2011 27.5%) on profit on ordinary activities	17,886	13,167
Effects of		
- Non taxable income	-	(36)
- Non deductible expenses	605	-
- Non taxable dividends received	(18,158)	(13,155)
- Adjustment in respect of prior year	(57)	(615)
- Effect of short term timing differences	387	(373)
- Imputed interest net of debt cap	-	85
Current tax (credit)/charge on income for the period	663	(927)

PIC Fyfield Limited

Notes to the financial statements Year ended 30 June 2012

7. Tangible fixed assets

	Fixtures and fittings and computers £'000
Cost	
At 1 July 2011 and 30 June 2012	57
Depreciation	
At 1 July 2011 and 30 June 2012	57
Net book value	
At 30 June 2012	-
At 30 June 2011	-

8. Fixed asset investments

	Equity £'000	Loans £'000	Total £'000
Cost			
At 1 July 2011	309,799	458,771	768,570
Additions and advances	44	-	44
Settlement of loans	-	(283)	(283)
At 30 June 2012	309,843	458,488	768,331
Provisions			
At 1 July 2011	179,641	-	179,641
Provided for in the year	2,405	-	2,405
At 30 June 2012	182,046	-	182,046
At 30 June 2012	127,797	458,488	586,285
At 30 June 2011	130,158	458,771	588,929

During the year, the company increased its investment in Sygen Invetimentos Limitada by £44,000

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Notes to the financial statements Year ended 30 June 2012

8. Fixed asset investments (continued)

The company's direct subsidiaries at 30 June 2012 were as follows

	Percentage of issued share capital held	Country of incorporation	Activities
Brazilian Holdings Limited	100	England	Holding company
Sygen Investimentos Limitada	99.9	Brazil	Dormant
Easicare Computers Limited	100	England	Holding company
Fyfield Holland B V	100	Holland	Holding company
PIC Fyfield Investments Limited	100	England	Holding company
Pig Improvement Group Limited	100	England	Holding company
Spillers Limited	100	England	Holding company
PIC (UK) Limited	100	England	Holding company
Pig Improvement Company UK Limited	100	England	Pig breeding company
Pig Improvement Overseas Limited	100	England	Holding company
PIC Espana S A	82.36	Spain	Pig breeding company

In the opinion of the directors the aggregate value of the investments in the company's subsidiaries is not less than the aggregate amount at which those assets are stated in the balance sheet. All are wholly owned and incorporated and operate in the UK, unless otherwise indicated.

Loan investments include a non-interest bearing loan receivable from a group undertaking, Sygen International Limited, of £411m (2011: £411m). The movement in this loan relates to a partial settlement of the outstanding balance which was made in the year.

9. Debtors

	2012 £'000	2011 £'000
Amounts owed by subsidiary undertakings	4,921	5,771
Other debtors	256	337
Deferred tax asset (note 10)	1,179	1,306
	<u>6,356</u>	<u>7,414</u>

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Notes to the financial statements Year ended 30 June 2012

10. Deferred tax

The company's deferred tax position may be analysed as follows

	Deferred tax asset recognised in accounts	
	2012	2011
	£'000	£'000
Netted against pension liability (note 16)	329	388
Included in debtors (note 9)	1,179	1,306
	<u>1,508</u>	<u>1,694</u>

Movement on deferred tax

	Total £'000
Opening deferred tax asset	1,694
Current year debit in profit and loss account	(274)
Movement in statement of recognised gains and losses	88
Closing deferred tax asset	<u>1,508</u>

	Provided	
	2012	2011
	£'000	£'000
Difference between capital allowances and depreciation	13	17
Other timing differences	1,495	1,677
	<u>1,508</u>	<u>1,694</u>

11. Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	13	71
Amounts owed to subsidiary undertakings	107,771	113,975
Other taxation and social security	2,081	1,085
Other creditors	-	230
Accruals and deferred income	468	270
	<u>110,333</u>	<u>115,631</u>

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Notes to the financial statements Year ended 30 June 2012

12. Provisions for liabilities and charges

	Other pensions £'000	Surplus properties £'000	Other restructuring provisions £'000	Total £'000
At 1 July 2011	760	1,449	1,300	3,509
Utilised in the year	(40)	(182)	(160)	(382)
Provided in year				
In statement of total recognised gains and losses	70	-	40	110
Unwinding of discount on provisions	40	65	70	175
At 30 June 2012	<u>830</u>	<u>1,332</u>	<u>1,250</u>	<u>3,412</u>

Other pensions comprise unfunded pension obligations to current and former executives of the company calculated on the transfer value method. Payments will be made upon retirement of the relevant executives.

The surplus property provision represents the discounted future costs of properties not occupied by the group. These costs are computed net of risk weighted rental income and, where necessary, dilapidation and letting expenses and will be paid out over the next 3 years.

Other restructuring provisions relate to post retirement health benefit obligations to former Dalgety plc head office staff.

13. Called up share capital

	2012 £'000	2011 £'000
Authorised		
367,700,000 ordinary shares of £1 each	<u>367,700</u>	<u>367,700</u>
Allotted and fully paid		
292,269,000 ordinary shares of £1 each	<u>292,269</u>	<u>292,269</u>

14. Reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 July 2011	158,270	7,277	18,430
Profit for the financial year	-	-	69,257
Actuarial loss recognised in the STRGL (net of deferred tax)	-	-	(512)
Dividend paid	-	-	(67,000)
At 30 June 2012	<u>158,270</u>	<u>7,277</u>	<u>20,175</u>

During the year, the directors recommended and paid a dividend of £0.2292 per ordinary share.

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Notes to the financial statements Year ended 30 June 2012

15. Reconciliation of movement in shareholder's funds

	2012 £'000	2011 £'000
Opening shareholder's funds	476,246	679,586
Retained profit for the year	69,257	49,032
Other recognised gains and losses	(512)	(2,372)
Dividend paid	(67,000)	(250,000)
Shareholder's funds at 30 June	<u>477,991</u>	<u>476,246</u>

16. Pensions

The Company operates a defined benefit pension scheme, the Dalgety Pension Fund, which is closed to new members. The assets of the scheme are held separately from the assets of the company and administered by trustees and managed professionally.

The most recent actuarial valuation of the Dalgety Pension Fund was at 31 March 2009. The valuation of the scheme used the projected unit method and was carried out by professionally qualified actuaries.

The principal actuarial assumptions adopted in the 2009 valuation were that investment returns on existing assets would be 6.6% per annum before retirement and 4.1% per annum after retirement, that pay increases would average 4.3% per annum and that the annual increase in pensions in payment would be 3.2% per annum.

The market value of the available assets at 31 March 2009 was £14.5m. The value of those assets represents approximately 91% of the value of the uninsured liabilities which were £16.0m at 31 March 2009, after allowing for expected future increases in earnings.

The disclosures required under FRS 17 have been calculated by an independent actuary based on accurate calculations carried out as at 31 March 2009 updated to 30 June 2012. Under the projected unit method the current service cost will increase as the members approach retirement.

There is a £2.7m reserve held by Trustees of DPF against future unknown liabilities materialising. As the economic benefit to the Company of this amount is not certain, it is treated as a contingent asset.

Under the new funding agreement, the Company has agreed to make a deficit repair contribution of £250,000 per annum until 30 September 2018.

Based on the actuarial assumptions, and allowing for the amortisation of the deficit over the average remaining service of current employees, the actuary has calculated that the Group's pension cost for the scheme is £nil (2011: £80,000).

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Notes to the financial statements Year ended 30 June 2012

16 Pensions (continued)

The financial assumptions used to calculate the scheme liabilities under FRS 17 are

	2012	2011	2010
Rate of increase in salaries	3.80%	4.60%	4.10%
Increases for pensions in payment	2.80%	3.60%	3.10%
Liability discount rate	4.50%	5.70%	5.50%
Inflation assumption	2.80%	3.60%	3.10%
Revaluation of deferred pensions	2.00%	2.20%	3.10%

The mortality assumptions used are consistent with those recommended by the schemes' actuaries and reflect the latest available tables, adjusted for the experience of the scheme where appropriate. The mortality tables used are the SNIA tables, with birth year and medium cohort projections, with mortality rates increased by 25% at all ages.

The following table illustrates the expectation of life of an average member retiring at age 65 at the balance sheet date and a member reaching age 65 in 20 years' time.

		2012 (years)	2011 (years)
Retiring at balance sheet date at age 65	Male	21.8	21.8
	Female	24.0	24.0
Retiring at age 65 in 20 years' time	Male	24.7	24.7
	Female	27.0	27.0

The assets in the scheme and the expected rate of return were

	Value at 30 June 2012 £'000	Long term rate of return expected at 30 June 2012	Value at 30 June 2011 £'000	Long term rate of return expected at 30 June 2011	Value at 30 June 2010 £'000	Long term rate of return expected at 30 June 2010
Equities	8,100	7.80%	7,250	8.25%	5,985	8.25%
Bonds	11,230	2.30%	11,140	4.30%	9,600	4.30%
Other assets	30	0.50%	70	0.50%	205	0.50%
Total assets	<u>19,360</u>		<u>18,460</u>		<u>15,790</u>	

The overall expected long-term rate of return on assets is 4.6% (2011: 5.8%). The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

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Notes to the financial statements Year ended 30 June 2012

16. Pensions (continued)

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Balance sheet reconciliation					
Total market value of assets	19,360	18,460	15,790	13,460	15,990
Present value of scheme liabilities	(14,390)	(12,930)	(13,150)	(12,090)	(13,240)
Irrecoverable surplus not recognised	(6,340)	(7,020)	(2,640)	(1,370)	(2,750)
Deficit in the scheme	(1,370)	(1,490)	-	-	-
Related deferred tax asset	329	388	-	-	-
Net pension liability	(1,041)	(1,102)	-	-	-

An analysis of the amount that has been charged to operating (loss)/profit is as follows

	2012 £'000	2011 £'000
Current service cost	-	80

An analysis of the amount that has been credited to net finance income is as follows

	2012 £'000	2011 £'000
Expected return on pension scheme assets	730	700
Interest on pension scheme liabilities	(1,090)	(920)
Net return	(360)	(220)

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Notes to the financial statements Year ended 30 June 2012

16 Pensions (continued)

Amounts recognised in the statement of total recognised gains and losses (STRGL)

	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	790	1,330
Experience gains and losses arising on the scheme liabilities	(1,960)	350
Actuarial (loss)/gain recognised in the STRGL	(1,170)	1,680

Movements in scheme during the year:

	2012 £'000	2011 £'000
Deficit in scheme at start of year	(1,490)	-
Movement in year		
Contributions paid	250	410
Current service cost	-	(80)
Other finance income	360	220
Gains on curtailments and settlement	-	660
Actuarial gain	(1,170)	1,680
Irrecoverable surplus	680	(4,380)
Deficit in scheme at end of year	(1,370)	(1,490)

History of experience gains and losses

	2012	2011	2010	2009	2008
Difference between the expected and actual return on scheme assets £'000s	790	1,330	1,110	420	170
<i>Percentage of the scheme assets</i>	<i>4.1%</i>	<i>7.2%</i>	<i>7.0%</i>	<i>15.0%</i>	<i>1.0%</i>
Experience gains and losses arising on the scheme liabilities £'000s	(1,960)	350	650	(118)	950
<i>Percentage of the present value of the scheme liabilities</i>	<i>(13.6)%</i>	<i>2.7%</i>	<i>4.9%</i>	<i>3.0%</i>	<i>7.0%</i>
Total actuarial amount recognised in the statement of total recognised gains and losses £'000s	(427)	(2,700)	(230)	330	1,120
<i>Percentage of the present value of the scheme liabilities</i>	<i>3.0%</i>	<i>20.8%</i>	<i>1.7%</i>	<i>7.0%</i>	<i>8.0%</i>

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Notes to the financial statements Year ended 30 June 2012

17. Financial commitments

At 30 June 2012 the company had annual commitments under non-cancellable operating leases in respect of land and buildings expiring as follows

	2012 £'000	2011 £'000
Expiring		
Within one year	-	161
Between one and five years	838	838
	<u>838</u>	<u>999</u>

18. Ultimate parent undertaking

The company's ultimate controlling party and parent undertaking is Genus plc, a company registered in the UK. Genus plc is the largest and smallest group, of which the company is a member, for which accounts are prepared. Copies of the financial statements of Genus plc are available from its registered office whose address is as follows

Belvedere House
Basing View
Basingstoke
Hants
RG 21 4HG

19. Related party transactions

The company is a member of the Genus plc group of companies. In accordance with exemptions conferred by FRS8, the company has not disclosed transactions with other group companies.

20. Contingent liabilities

The company has entered into cross guarantees to the group's bank in respect of the borrowings of its parent. At 30 June 2012 the total contingent liability in respect of group borrowings was £72.4m (2011: £84.1m).