

Accounts for 2007

Campden & Chorleywood Food Research Association

(A company limited by guarantee)
(Registered no 510618)

REPORT OF THE COUNCIL

The Council submits its annual report and Group financial statements for the year ended 31 December 2007

1. Principal Activities

The principal activity of the Group is the application of science and technology into the preservation, safety and quality of food and drink.

2. Results and Dividends

The results for the year, which are set out in the income and expenditure account, show turnover for the year of £14,003,812 (2006 £13,378,597). The pre-tax surplus for the year amounted to £592,443 (2006 £1,546,182).

The Articles of Association provides that none of the Association's surplus may be distributed.

The Group has tangible fixed assets including freehold property, plant and machinery, and motor vehicles, valued in the financial statements at £10,014,131 (2006 £9,713,050). The Group also had net current assets amounting to £258,909 (2006 £538,777). The net pension scheme deficit, as defined by Financial Reporting Standard (FRS) 17 amounted to £1,952,300 (2006 £2,730,700).

3. Business Review

(i) Development and Performance during 2007

In 2007 the Association continued to uphold its commitments to membership principles. Over 130 new members joined the Association in 2007, being a further sign of the trust and confidence that over 1,600 companies have in the organisation.

During 2007 the Group's turnover grew by 4.7% and the gross surplus was £3,521,811. In 2007 the results were adversely affected by reason of the site being flooded in July. The flooding caused considerable damage to ground floor areas of laboratories and the Nursery. Inevitably this affected the ability to carry out work in an efficient manner. Although a business interruption claim has been agreed and included in the results it is difficult to quantify the precise impact.

Overall, the Group recorded a surplus for the financial year of £381,151 (2006 £1,074,483). A material improvement in the FRS17 deficit of both pension schemes meant that the total recognised gains for 2007 amounted to £799,613 as compared to £2,461,889 in 2006. The Group's reserves have therefore increased to £8,320,740.

(ii) Strategy

During 2007 the Group continued to develop the strategy arising from a review of priority areas in 2006. It will continue to improve communication and engagement with clients whilst further extending training, scientific and technical skills. The Group has further extended its networks overseas.

In addition a major review of the facilities and site at Chipping Campden is in progress. This has arisen due to the need to completely refurbish one of the laboratory blocks and to carry out a flood relief scheme following the site being flooded in 2007.

The Group has also entered into detailed merger discussions with Brewing Research International, a sister research association based at Nutfield in Surrey. The two businesses compliment each other's skills and scientific and technical abilities. The merger would act to strengthen and broaden the overall services the Group would be able to offer to the respective industries. It is hoped to conclude the merger satisfactorily in 2008.

(iii) Research and Development

In the main the Group carries out research funded primarily by national or international bodies. It also carries out a substantial research programme funded by member subscriptions.



Member subscription funded research provides an opportunity for the Group to develop its skill base to better meet members needs and is driven by the scientific strategy as determined by the Scientific and Technical Committee and the member Technical Advisory Panels. Other work is funded by the Food Standards Agency, DEFRA, DOH, and the Home Office. Research is also carried out on behalf of Levy Boards and for the EU. Further sources of funding have been identified and will be pursued in 2008, particularly through the Technology Strategy Board.

The Group has a good record of attracting external research and development funds. By close contact with research funders it is apparent that there is an increasing emphasis on safety, competitiveness, health and sustainability. The Group believes it is well recognised in the areas of safety and competitiveness, less so in the areas of health and sustainability. Future strategy involves developing capabilities in these areas. This may involve strategic alliances with other research partners to help the Group's credibility.

4. Future Outlook

The external commercial environment is expected to remain competitive in 2008. However, the Council is determined that the Group will improve its financial performance in the future.

5. Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. Key business risks and uncertainties affecting the Group are considered to relate to competition from a wide variety of businesses who compete directly but only as regards certain defined areas of the Group's business. However, the breadth of the Group's business and the reputation it enjoys nationally and internationally, probably means that there are no direct competitors for the business as a whole.

The Group places great emphasis on recruiting, training and retaining high quality staff in order to minimise the personnel risk. The Group also recognises the risks attached to the need to provide adequate surplus to maintain the necessary funding for the pensions schemes and future capital investments.

6. Financial Instruments

The Group is exposed to the usual credit and cashflow risks associated with selling on credit and manages these risks through credit control procedures. The nature of its financial instruments means that the price

and liquidity risks are minimised by the predetermination of the Group's funding facilities and terms attached thereto.

The Council constantly monitors the Group's trading results and revised projections as appropriate to ensure that the Group can meet its future obligations as they fall due. The Council does not consider there to be any significant risk to the financial position of the Group as a result of fluctuations on foreign exchange rates deflating or inflating the Group's foreign currency assets and liabilities.

7. Council

Details of the members of the Council, who are the directors of the company, during the year were as follows. None of the members had any financial interest in the Association.

Chairman A.G. Bowman
Vice Chairman R.P. Clarke

Other members of Council during the year ended 31 December 2007.

J. Batchelar
T.A. Bengt
J.L. Cottrell
N.H. Dickie (from August 2007)
P.W. Farnsworth
N.C. Fosteras
J. Gorman
A.R. Heygate
A.J. Keatings (to August 2007)
A.J. Kennedy (to August 2007)
A.L. Kynakides
P.J. Molyneux
J.S. Murray
S.O. Parry
J. Pickles
S.G. Price
D.M.E. Robinson (from August 2007)
S. Shaw (to May 2007)
A.R. Wainwright
W.B. Warburton
J.H. Wareham
A.W. Waugh

Messrs J. Batchelar, R.P. Clarke, J. Cottrell, P. Farnsworth, J. Gorman, A. Heygate, J. Pickles, N. Dickie and D. Robinson having been appointed in 2007 retire in accordance with the Articles of Association and are eligible for re-election at the AGM in 2008.

In addition to the above changes, Mr M. Fowler was appointed from January 2008, Mr A.L. Kynakides resigned in December 2007 and Mr N.C. Fosteras in March 2008.

8. Charitable Donations

The Group made donations during the year of £200 (2006 £374) for charitable purposes

9. Payment of Creditors

Suppliers of goods and services to the Group receive an official purchase order, which clearly states the terms of payment, which are net monthly

10. Employees

The Group has continued its practice of keeping employees informed of matters affecting them as employees, and the financial and economic factors affecting the performance of the Group. This is achieved through consultations with union representatives, staff meetings and the staff newsletter

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Group may continue

The Group is an investor in People and committed to staff training and development in order to meet business objectives. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees

11. Auditors

In accordance with S384 of the Companies Act 1985 a resolution for the re-appointment of Hazlewoods LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting

12. Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company

13. Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable laws 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Association and the Group and of the surplus or deficit of the Group for that year. In preparing those financial statements, the directors are required to -

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Association and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

- a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) they have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

For the purpose of the Companies Act the directors of Campden & Chorleywood Food Research Association are the Members of Council

By order of the Council
J H Wilkinson (Company Secretary)
Chipping Campden, Gloucestershire, GL55 6LD, UK



15 April 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMPDEN & CHORLEYWOOD FOOD RESEARCH ASSOCIATION

We have audited the financial statements of Campden & Chorleywood Food Research Association for the year ended 31 December 2007 which comprise the Group Income and Expenditure Account, the Group Statement of Total Recognised Gains and Losses, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Group's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Council and Auditors

The Council's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information given in the Report of the Council is consistent with the financial statements. In addition, we report to you if, in our opinion, the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Council. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Association's affairs as at 31 December 2007 and of the surplus of the Group for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Council is consistent with the financial statements.

Hazlewoods LLP
Hazlewoods LLP

Chartered Accountants and Registered Auditors
Cheltenham

16 April 2008

GROUP INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2007

| | Notes | 2007 £ | 2006 £ |
|---------------------------------------|-------|--------------|-------------|
| TURNOVER | 3 | 14,003,812 | 13,378,597 |
| COST OF SALES | | (10,482,001) | (9,650,185) |
| GROSS SURPLUS | | 3,521,811 | 3,728,412 |
| Administrative expenses | | | |
| - normal | | (3,090,534) | (3,149,624) |
| - exceptional income | 4 | - | 804,946 |
| OPERATING SURPLUS | | 431,277 | 1,383,734 |
| Interest | 6 | 161,166 | 162,448 |
| SURPLUS BEFORE TAXATION | | 592,443 | 1,546,182 |
| Tax on surplus on ordinary activities | 7 | (211,292) | (471,699) |
| SURPLUS FOR FINANCIAL YEAR | 8,17 | 381,151 | 1,074,483 |

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | | 2007 £ | 2006 £ |
|---|----|-----------|-----------|
| Surplus for the financial year | | 381,151 | 1,074,483 |
| Actuarial gain on pension scheme | 19 | 563,000 | 1,995,000 |
| Deferred tax on actuarial gain | | (168,900) | (598,500) |
| Foreign currency exchange gain/(loss) on translation of overseas subsidiary | 17 | 24,362 | (9,094) |
| Total recognised gains and losses relating to the year | | 799,613 | 2,461,889 |

The income and expenditure account has been prepared on the basis that all operations are continuing operations

The notes on pages 20 to 32 form part of the financial statements

GROUP BALANCE SHEET

As at 31 December 2007

| | Notes | 2007 | 2006 |
|---|-------|------------------|------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 10 | 10,014,131 | 9,713,050 |
| CURRENT ASSETS | | | |
| Stock | 13 | 8,846 | 8,211 |
| Debtors | 14 | 4,167,375 | 3,967,494 |
| Cash at bank and in hand | | 569,396 | 428,694 |
| | | <u>4,745,617</u> | <u>4,404,399</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 15 | (4,486,708) | (3,865,622) |
| | | <u></u> | <u></u> |
| NET CURRENT ASSETS | | 258,909 | 538,777 |
| | | <u></u> | <u></u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 10,273,040 | 10,251,827 |
| Pension scheme liability | | | |
| - gross | 19 | (2,789,000) | (3,901,000) |
| - attributable taxation | | 836,700 | 1,170,300 |
| | | <u></u> | <u></u> |
| NET ASSETS including pension scheme liability | | 8,320,740 | 7,521,127 |
| | | <u></u> | <u></u> |
| RESERVES | | | |
| Accumulated funds | 17 | 8,320,740 | 7,521,127 |
| | | <u></u> | <u></u> |

The notes on pages 20 to 32 form part of the financial statements

The financial statements were approved by the Council on 15 April 2008

ON BEHALF OF COUNCIL

A.G. Bowman (Chairman)

A.G. Bowman

R.P. Clarke (Vice Chairman)

R.P. Clarke

COMPANY BALANCE SHEET

As at 31 December 2007

| | Notes | £ | 2007 £ | £ | 2006 £ |
|--|-------|------------------|-----------|------------------|------------|
| FIXED ASSETS | | | | | |
| Investments | 12 | | 5,157,595 | | 5,210,077 |
| CURRENT ASSETS | | | | | |
| Debtors | 14 | 7,107,472 | | 6,903,390 | |
| Cash at bank and in hand | | 2,362 | | 31 | |
| | | <u>7,109,834</u> | | <u>6,903,421</u> | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 15 | (2,272,148) | | (1,973,565) | |
| | | <u></u> | | <u></u> | |
| NET CURRENT ASSETS | | | 4,837,686 | | 4,929,856 |
| | | | <u></u> | | <u></u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 9,995,281 | | 10,139,933 |
| | | | <u></u> | | <u></u> |
| RESERVES | | | | | |
| Accumulated funds | 17 | | 9,995,281 | | 10,139,933 |
| | | | <u></u> | | <u></u> |

The notes on pages 20 to 32 form part of the financial statements

The financial statements were approved by the Council on 15 April 2008

ON BEHALF OF COUNCIL

A.G. Bowman (Chairman)

A.G. Bowman

R.P. Clarke (Vice Chairman)

R.P. Clarke

GROUP CASHFLOW STATEMENT

For the year ended 31 December 2007

RECONCILIATION OF TRADING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2007 | 2006 |
|---|------------------|----------------|
| | £ | £ |
| Operating Surplus | 431,277 | 1,383,734 |
| Depreciation charges | 843,445 | 792,734 |
| Profit on sale of fixed assets | (17,918) | (44,530) |
| (Increase)/Decrease in stock | (635) | 222 |
| Increase in debtors | (246,473) | (153,466) |
| Increase/(Decrease) in creditors | 606,062 | (191,807) |
| Difference between provision for pension liabilities charged against operating surplus in year and contributions paid in year | (394,000) | (1,320,000) |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 1,221,758 | 466,887 |
| | <hr/> <hr/> | <hr/> <hr/> |

CASH FLOW STATEMENT

| | 2007 | 2006 |
|---|------------------|------------------|
| | £ | £ |
| Net cash inflow from operating activities | 1,221,758 | 466,887 |
| Returns on investments and servicing of finance | 6,166 | (9,552) |
| Capital expenditure and financial investment | (1,126,608) | (985,014) |
| | <hr/> | <hr/> |
| Cash inflow/(outflow) before financing | 101,316 | (527,679) |
| Financing | (428,268) | (404,979) |
| | <hr/> | <hr/> |
| Decrease in cash | (326,952) | (932,658) |
| | <hr/> <hr/> | <hr/> <hr/> |

An analysis of net cash flow above is given in note 1 to the cash flow statement

NOTES TO THE GROUP CASH FLOW STATEMENT

For the year ended 31 December 2007

I ANALYSIS OF CASH FLOWS

| Returns on investments and servicing of finance | 2007 | 2006 |
|---|--------------|----------------|
| | £ | £ |
| Interest received | 16,672 | 37,956 |
| Interest paid | (10,506) | (47,508) |
| | <u>6,166</u> | <u>(9,552)</u> |

| Capital expenditure and financial investment | 2007 | 2006 |
|--|--------------------|------------------|
| | £ | £ |
| Purchase of tangible fixed assets | (1,145,679) | (1,030,322) |
| Sale of tangible fixed assets | 19,071 | 45,308 |
| | <u>(1,126,608)</u> | <u>(985,014)</u> |

| Financing | 2007 | 2006 |
|-------------------|------------------|------------------|
| | £ | £ |
| Bank loans repaid | (428,268) | (404,979) |
| | <u>(428,268)</u> | <u>(404,979)</u> |

| II NET FUNDS/(DEBTS) | 2007 | 2006 |
|--|----------------|------------------|
| | £ | £ |
| Reconciliation of net cash flow movement to net funds/(debt) | | |
| Decrease in cash in year | (326,952) | (932,658) |
| Net decrease in loans | 428,268 | 404,979 |
| Net effect of foreign exchange differences | 24,362 | (9,094) |
| | <u>125,678</u> | <u>(536,773)</u> |
| Net (debt)/funds at the beginning of the year | (6,286) | 530,487 |
| | <u>119,392</u> | <u>(6,286)</u> |

| Analysis of movement in net funds/(debt) | At 1.1.07 | Cash flow | Exchange movement | At 31.12.07 |
|--|----------------|----------------|-------------------|----------------|
| | £ | £ | £ | £ |
| Cash in hand and at bank | 428,694 | 116,340 | 24,362 | 569,396 |
| Debt due within one year | | | | |
| Bank overdraft | (6,712) | (443,292) | - | (450,004) |
| Bank loans | (428,268) | 428,268 | - | - |
| | <u>(6,286)</u> | <u>101,316</u> | <u>24,362</u> | <u>119,392</u> |

NOTES TO THE ACCOUNTS

For the year ended 31 December 2007

1. SHARE CAPITAL

The Association is limited by guarantee, the individual members having a liability not exceeding £5 00 each

At 31 December 2007 there were 1,282 members (2006 1,267 members)

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards

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

a Basis of accounting

The financial statements have been prepared under the historical cost convention

b Basis of consolidation

The consolidated financial statements comprise the financial statements of Campden & Chorleywood Food Research Association and its four subsidiaries made up to 31 December 2007

The investment in associated undertakings, Impact Faraday Limited and Food Processing Faraday Partnership Limited, have not been accounted for using the equity method as specified by FRS 9 since the directors do not believe the value of the investments or their results for the year are material to the group financial statements

c Turnover

Turnover comprises work done on research projects together with amounts receivable in respect of members' subscriptions and other income. Transactions between group companies are excluded

In the case of short term contracts, turnover is recognised as the work is carried out if the final

outcome can be assessed with reasonable certainty

In the case of long term contracts, turnover is recognised as the project is carried out.

d Depreciation

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

| | |
|------------------------------|-----------|
| Freehold buildings | 50 years |
| Research plant and equipment | 4 years |
| Computer equipment | 3 years |
| Fixtures and fittings | 10 years |
| Motor vehicles | 3-5 years |

No depreciation is provided on freehold land

Research plant and equipment acquired by way of donation or provided for commissioned projects is not capitalised in the financial statements

e Research and development

Expenditure on research and development is written off in the year in which it is incurred

f Long term contracts

Profit from long term contracts is taken to the income and expenditure account as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit is calculated to reflect the proportion of the work carried out at the year end by recording turnover and related costs as contract activity progresses. Turnover from long term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract.

Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen. Amounts recoverable on contracts representing the excess of the value of work carried out to date over cumulative payments on account, are included within debtors in accordance with SSAP 9

g Pension Scheme

The Association operates two pension schemes providing benefits based on final pensionable pay. The assets of both schemes are held separately from those of the Association, being invested by investment management companies.

Contributions to the scheme are paid by the Association and CCFRA Group Services Limited.

In November 2000 the Accounting Standards Board issued Financial Reporting Standard 17 'Retirement Benefits'. The Association has adopted FRS17 as a consolidation adjustment in the group financial statements.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method or attained age method, and are discounted at 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 group.

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 on the 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.

h Operating leases

The cost of, and income from, operating leases is charged and credited to the income and expenditure account on a straight line basis over the lease term.

i Foreign currency

Company

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, or if appropriate at the forward contract date. Non-monetary assets denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of acquisition of the asset. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. All revaluation differences and realised foreign exchange differences are taken to the income and expenditure account.

Group

The financial statements of the overseas subsidiary are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising are taken to reserves.

j Deferred taxation

Where deferred tax liabilities exceed deferred tax assets, the net liability is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Any such deferred tax balance is not discounted. Deferred tax assets will be recognised to the extent that they are regarded as recoverable.

3. ANALYSIS OF TURNOVER

| Continuing operations, research, consultancy and training: | Group 2007 | Group 2006 |
|--|-------------------|-------------------|
| | £ | £ |
| UK | 9,872,682 | 9,858,948 |
| Europe | 3,606,547 | 2,888,778 |
| Rest of world | 524,583 | 630,871 |
| | <u>14,003,812</u> | <u>13,378,597</u> |

4. EXCEPTIONAL INCOME

| | Group 2007 | Group 2006 |
|-------------------------------|---------------|----------------|
| | £ | £ |
| Legal and professional fees | - | (130,054) |
| Reversal of past service cost | - | 935,000 |
| | <u>-</u> | <u>804,946</u> |

The exceptional legal and professional fees relate to a rectification claim in connection with the FMBRA Pension and Assurance scheme, a defined benefit pension scheme operated and funded by the group. The exceptional past service cost relates to a write back of future pension liabilities in connection with the settlement of the above rectification claim.

5. STAFF COSTS

| Average number of employees: | Group 2007 | Group 2006 |
|------------------------------|---------------|---------------|
| | No | No |
| Administrative | 54 | 51 |
| Technical | 235 | 234 |
| | <u>289</u> | <u>285</u> |

| Employee costs: | Group 2007 | Group 2006 |
|--|------------------|------------------|
| | £ | £ |
| Wages and salaries | 6,431,868 | 6,057,514 |
| Social security costs | 540,381 | 508,401 |
| Other pension costs | | |
| - normal current service cost under FRS17 | 615,000 | 602,000 |
| - exceptional reversal of past service cost (see note 4) | - | (935,000) |
| | <u>7,587,249</u> | <u>6,232,915</u> |

Members of Council received no remuneration during the year.

6. INTEREST

| | Group 2007 | Group 2006 |
|--|---------------|---------------|
| Interest payable on bank loans and overdrafts | £ | £ |
| - repayable within five years by instalments | - | 42,888 |
| - repayable within five years not by instalments | 10,506 | 4,620 |
| | <hr/> | <hr/> |
| | 10,506 | 47,508 |
| Interest receivable on short-term deposits | (16,672) | (37,956) |
| Expected return on pension scheme assets in excess of interest on pension scheme liabilities | (155,000) | (172,000) |
| | <hr/> | <hr/> |
| | (161,166) | (162,448) |
| | <hr/> | <hr/> |

7. TAX ON SURPLUS ON ORDINARY ACTIVITIES

| | | |
|---|---------------|---------------|
| The charge for taxation comprises. | Group 2007 | Group 2006 |
| | £ | £ |
| UK corporation tax | | |
| - notional tax charge relating to pension contributions | 164,700 | 447,600 |
| | <hr/> | <hr/> |
| Current corporation tax charge (reconciled overleaf) | 164,700 | 447,600 |
| Deferred tax | 46,592 | 24,099 |
| | <hr/> | <hr/> |
| | 211,292 | 471,699 |
| | <hr/> | <hr/> |

The Corporation tax charge for the year has been increased as a consequence of additional pension contributions paid to fund the actuarial deficit on the Group's pension scheme. FRS17 'Retirement Benefits' requires that a charge is recognised in the income and expenditure account in respect of those contributions qualifying as a tax deductible expense to the extent that there is not a corresponding charge to the income and expenditure account. An adjustment has therefore been made to increase the tax charge to the profit and loss account and reflect a corresponding reduction in the amount charged to the Statement of Total Recognised Gains and Losses.

| | Group 2007 £ | Group 2006 £ |
|---|--------------------|--------------------|
| Factors affecting the current tax charge for the year | | |
| Surplus on ordinary activities before taxation | 592,443 | 1 546,182 |
| Surplus on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2006 30%) | 177,733 | 463,855 |
| Effects of | | |
| Overseas losses utilised | (4,340) | (19,029) |
| Non-taxable result re S508 research status | 27,651 | (15,107) |
| Non-deductible expenses | 13,946 | 11,585 |
| Withholding tax on overseas income | (185) | (1,333) |
| (Capital allowances in excess of depreciation)/depreciation in excess of capital allowances | (9,546) | 28,542 |
| Losses brought forward and used in year | (40,559) | (20,913) |
| Current corporation tax charge (shown on previous page) | 164,700 | 447,600 |

Tax losses

The group has tax losses available to carry forward and offset against future surpluses of £2,628,850 (2006 £2,771,567)

A deferred tax asset in respect of tax losses available to carry forward against future surpluses net of fixed asset timing differences arising from accelerated capital allowances of £53,062 (2006 £90,069) at the standard rate of UK corporation tax of 30% (2006 30%) has not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable

A deferred tax asset in respect of tax losses available to carry forward against future surpluses and fixed asset timing differences arising from decelerated capital allowances of £7,143 (2006 £53,735) at the standard rate of UK corporation tax of 30% (2006 30%) has been recognised on the grounds that there is evidence that the asset will be recovered

8. SURPLUS ON ORDINARY ACTIVITIES

| | | |
|---|-----------------------------|-----------------------------|
| Surplus on ordinary activities is stated after charging: | Group 2007 £ | Group 2006 £ |
| Depreciation of tangible fixed assets (see note 10) | 843,445 | 792,734 |
| Operating leases | 178,433 | 165,850 |
| Auditors' remuneration (including expenses) | | |
| - Audit fees | 22,500 | 22,000 |
| - Non-audit fees | 5 227 | 3,610 |

9. INCOME AND EXPENDITURE ACCOUNT FOR THE FINANCIAL YEAR

Campden & Chorleywood Food Research Association has not presented its own income and expenditure account as permitted by Section 230 of the Companies Act 1985

The deficit of the parent company consolidated within the results of the group is £144,652 (2006 £28,862)

10. TANGIBLE FIXED ASSETS

GROUP

| | Freehold properties | Plant and equipment | Motor vehicles | Total |
|----------------------|------------------------|------------------------|-------------------|------------|
| COST | £ | £ | £ | £ |
| At beginning of year | 11,323,535 | 8,852,164 | 302,313 | 20,478,012 |
| Additions | 25,967 | 1,056,389 | 69,323 | 1,145,679 |
| Disposals | - | (1,107) | (97,368) | (98,475) |
| At end of year | 11,349,502 | 9,907,446 | 274,268 | 21,525,216 |
| DEPRECIATION | | | | |
| At beginning of year | 2,848,615 | 7,727,085 | 189,262 | 10,764,962 |
| Charge for year | 244,321 | 548,743 | 56,381 | 843,445 |
| Disposals | - | (1,106) | (96,216) | (97,322) |
| At end of year | 3,092,936 | 8,274,722 | 149,427 | 11,511,085 |
| NET BOOK AMOUNT | | | | |
| At end of year | 8,256,566 | 1,632,724 | 124,841 | 10,014,131 |
| At beginning of year | 8,474,920 | 1,125,079 | 113,051 | 9,713,050 |

Fixed assets include £187,198 (2006 £187,198) in respect of land which is not subject to depreciation, all other assets are depreciable and amount to £21,338,018 (2006 £20,290,814) at cost

11. INTEREST IN ASSOCIATES

The Company had the following holdings in companies registered in England and Wales that are limited by guarantee with no share capital

| | % held | Nature of business |
|---|--------|---|
| Food Processing Faraday Partnership Limited | 25 | Knowledge and technology transfer products and services |
| Impact Faraday Limited | 33 1/3 | Colloid research and consultancy |

The directors do not consider the investment in or the results of Food Processing Faraday Partnership Limited or Impact Faraday Limited, to be material to the consolidated financial statements

During the year, the company received fees from its associates as follows

| | Value of fees | | Unpaid at year end | |
|---|---------------|--------|--------------------|--------|
| | 2007 | 2006 | 2007 | 2006 |
| | £ | £ | £ | £ |
| Food Processing Faraday Partnership Limited | 38,157 | 63,661 | 2,237 | 14,057 |
| Impact Faraday Limited | 15,484 | 34,972 | 2,362 | 5,944 |

During the year, the company paid fees to its associates as follows

| | Value of fees | | Unpaid at year end | |
|---|---------------|--------|--------------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| | £ | £ | £ | £ |
| Food Processing Faraday Partnership Limited | - | - | - | - |
| Impact Faraday Limited | - | 11,107 | - | - |

All transactions were at arms length and in the ordinary course of business

12. INVESTMENTS

| | Shares in subsidiary companies |
|------------------------------|--------------------------------|
| COST | £ |
| At beginning and end of year | 7,219,200 |
| AMOUNTS WRITTEN OFF | |
| At beginning of year | 2,009,123 |
| Amounts written off in year | 52,482 |
| At end of year | 2,061,605 |
| NET BOOK VALUE | |
| At beginning of year | 5,210,077 |
| At end of year | 5,157,595 |

The directors have written down the value of the investments in the subsidiary undertakings to their net asset value at the end of the year

Details of the subsidiary undertakings are as follows

| | Class of shares held | % held | Country of incorporation and operation | Nature of business |
|------------------------------------|----------------------|--------|--|--|
| Campden & Chorleywood Magyarország | Ordinary | 100 | Hungary | Food and drink research and consultancy |
| CCFRA Group Services Limited | Ordinary | 100 | Great Britain | Provision of labour and other operating services |
| CCFRA Technology Limited | Ordinary | 100 | Great Britain | Food and drink consultancy and training services |
| Impact Technology Limited | Ordinary | 100 | Great Britain | Non trading |

13. STOCK

| | Group | | Company | |
|-------------------------------|-------|-------|---------|------|
| | 2007 | 2006 | 2007 | 2006 |
| | £ | £ | £ | £ |
| Raw materials and consumables | 8,846 | 8,211 | - | - |

14. DEBTORS

| | Group | | Company | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| | £ | £ | £ | £ |
| Trade debtors | 2,409,155 | 2,010,236 | - | - |
| Amounts recoverable on contracts | 882,908 | 1,240,290 | 77,323 | 88,684 |
| Group undertakings | - | - | 7,030,149 | 6,761,706 |
| Associated undertakings | 4,599 | 20,001 | - | - |
| Prepayments and accrued income | 863,570 | 643,232 | - | 53,000 |
| Deferred tax asset (see note 16) | 7,143 | 53,735 | - | - |
| | <u>4,167,375</u> | <u>3,967,494</u> | <u>7,107,472</u> | <u>6,903,390</u> |

15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 |
| | £ | £ | £ | £ |
| Debt | | | | |
| Bank loans | - | 428,268 | - | - |
| Bank overdraft | 450,004 | 6,712 | - | - |
| | <u>450,004</u> | <u>434,980</u> | <u>-</u> | <u>-</u> |
| Other creditors | | | | |
| Payments received on account | 1,572,962 | 1,104,230 | 137,854 | 31,328 |
| Trade creditors | 963,232 | 852,140 | - | - |
| Group undertakings | - | - | 1,452,551 | 1,261,767 |
| Other taxes and social security | 550,727 | 478,873 | 29,951 | 18,690 |
| Other creditors | 816,446 | 831,923 | 651,792 | 661,780 |
| Accruals and deferred income | 133,337 | 163,476 | - | - |
| | <u>4,036,704</u> | <u>3,430,642</u> | <u>2,272,148</u> | <u>1,973,565</u> |
| Total creditors due within one year | <u>4,486,708</u> | <u>3,865,622</u> | <u>2,272,148</u> | <u>1,973,565</u> |

The bank loans and overdraft are secured by a fixed charge over the land and buildings at Station Road, Chipping Campden and inter company cross guarantee within the group

16. PROVISION FOR LIABILITIES AND CHARGES

| | Group | | Company | |
|-------------------------|--------------|---------------|----------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| | £ | £ | £ | £ |
| Deferred tax asset: | | | | |
| At beginning of year | 53,735 | 77,834 | - | - |
| Profit and loss account | (46,592) | (24,099) | - | - |
| | <u>7,143</u> | <u>53,735</u> | <u>-</u> | <u>-</u> |

Deferred tax asset provided in the financial statements is as follows

| | | | | |
|--------------------------------|--------------|---------------|----------|----------|
| Tax losses carried forward | - | 44,712 | - | - |
| Decelerated capital allowances | 7,143 | 9,023 | - | - |
| | <u>7,143</u> | <u>53,735</u> | <u>-</u> | <u>-</u> |

17. ACCUMULATED FUNDS

| | Group | | Company | |
|---|------------------|------------------|------------------|-------------------|
| | 2007 | 2006 | 2007 | 2006 |
| | £ | £ | £ | £ |
| At beginning of year | 7,521,127 | 5,059,238 | 10,139,933 | 10,168,795 |
| Surplus/(deficit) for year | 381,151 | 1,074,483 | (144,652) | (28,862) |
| Foreign currency gain/(loss) on translation of overseas subsidiary | 24,362 | (9,094) | - | - |
| Actuarial gain on Pension Scheme net of related deferred tax movement | 394,100 | 1,396,500 | - | - |
| At end of year | <u>8,320,740</u> | <u>7,521,127</u> | <u>9,995,281</u> | <u>10,139,933</u> |
| Analysis of accumulated funds | | | | |
| Accumulated funds excluding pension liability | 10,273,040 | 10,251,827 | 9,995,281 | 10,139,933 |
| Pension liability net of attributable tax asset | (1,952,300) | (2,730,700) | - | - |
| Accumulated funds | <u>8,320,740</u> | <u>7,521,127</u> | <u>9,995,281</u> | <u>10,139,933</u> |

The Articles of Association provide that none of the Group's reserves may be distributed

18. OPERATING LEASE COMMITMENTS

At 31 December the Group/Company had annual commitments under non-cancellable operating leases as set out below

Plant, machinery and vehicles:

| | Group | | Company | |
|---------------------------------|---------------|----------------|----------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| | £ | £ | £ | £ |
| Leases expiring within one year | 7,200 | 35,705 | - | - |
| Leases expiring 2 - 5 years | 90,269 | 88,109 | - | - |
| | <u>97,469</u> | <u>123,814</u> | <u>-</u> | <u>-</u> |

19. PENSION SCHEME

The group operates two defined benefit pension schemes that are funded by the payment of contributions to separately administered trust funds

Campden RA Pension Scheme

The contributions to this scheme are determined with the advice from an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent full valuation was carried out as at 1 January 2005.

The valuation showed that the market value of the scheme's assets at that date were £15,625,000 and that the actuarial value was sufficient to cover 83% of the value of the benefits that had accrued to members, after allowing for earnings increases and guaranteed pension increases.

Following the valuation, the actuarial advice is that the group should contribute at the rate of 16.6% of pensionable salaries from 1 January 2005.

The total pension contributions made by the group during the year were £821,000 (2006: £725,000).

Financial Reporting Standard 17 ('FRS 17'), 'Retirement Benefits', is applied in these financial statements. The FRS 17 figures have been based on the data as at 1 January 2005 used for the last full actuarial valuation which was carried out at that date and then updated to 31 December 2006 and 31 December 2007, using the following main assumptions for valuing liabilities:

| | 2007 | 2006 |
|--|----------------|----------------|
| Discount rate for scheme liabilities | 5.8% per annum | 5.2% per annum |
| Price inflation | 3.5% per annum | 3.1% per annum |
| Increases to pensionable pay | 4.5% per annum | 4.1% per annum |
| Increases to pensions in payment | | |
| - 5% Limited Price Indexation | 3.3% per annum | 2.9% per annum |
| - 2.5% Limited Price Indexation | 2.1% per annum | 2.0% per annum |
| Pre-retirement increases for deferred pensions - Excess over the GMP | 3.5% per annum | 3.1% per annum |

The assets in the scheme and the expected rate of return of those assets at 31 December 2007 were:

| | Long term rate of expected return 2007 | Long term rate of expected return 2006 | Value 2007 £'000 | Value 2006 £'000 |
|------------------|--|--|------------------------|------------------------|
| Equities | 7.7% | 7.5% | 15,684 | 14,262 |
| Property | 6.0% | 5.8% | 2,282 | 2,407 |
| Government Bonds | 4.3% | 4.2% | 3,975 | 3,540 |
| Corporate Bonds | 5.7% | 5.1% | 1,857 | 1,762 |
| Other | 5.5% | 5.0% | 117 | 1,377 |
| | | | <u>23,915</u> | <u>23,348</u> |

| | | |
|---|----------------|----------------|
| The valuation results were | 2007 £'000 | 2006 £'000 |
| Assets | 23,915 | 23,348 |
| Liabilities | (26,772) | (27,076) |
| Deficit | (2,857) | (3,728) |
| Related deferred tax asset at 30% | 857 | 1,118 |
| Deficit after related deferred tax asset | <u>(2,000)</u> | <u>(2,610)</u> |
| The amount charged to operating profit is | 2007 £'000 | 2006 £'000 |
| Current service cost | 584 | 561 |

| | | |
|--|-------------|-------------|
| The amount credited to other finance income is | 2007 | 2006 |
| | £'000 | £'000 |
| Expected return on pension scheme assets | 1,536 | 1,430 |
| Interest on pension scheme liabilities | (1,423) | (1,247) |
| | <u>113</u> | <u>183</u> |

| | | |
|---|-------------|-------------|
| Analysis of amount recognised in the statement of total recognised gains and losses ('STRGL') | 2007 | 2006 |
| | £'000 | £'000 |
| Actual return less expected return on pension scheme assets | (304) | 656 |
| Experience gains and losses arising on the scheme liabilities | (251) | (153) |
| Changes in assumptions underlying the present value of the scheme liabilities | 1,076 | 983 |

| | | |
|------------------------------------|------------|--------------|
| Actuarial gain recognised in STRGL | <u>521</u> | <u>1,486</u> |
|------------------------------------|------------|--------------|

| | | |
|-------------------------------------|-------------|-------------|
| Movement in deficit during the year | 2007 | 2006 |
| | £'000 | £'000 |
| Deficit as at 31 December 2006 | (3,728) | (5,561) |
| Current service cost | (584) | (561) |
| Employer contributions | 821 | 725 |
| Actuarial gain | 521 | 1,486 |
| Other finance income | 113 | 183 |

| | | |
|--------------------------------|----------------|----------------|
| Deficit as at 31 December 2007 | <u>(2,857)</u> | <u>(3,728)</u> |
|--------------------------------|----------------|----------------|

| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| History of experience gains and losses | 2007 | 2006 | 2005 | 2004 | 2003 |
| Actual return less expected return on pension scheme assets (£'000) | (304) | 656 | 2,372 | 303 | 1,282 |
| As a percentage of scheme assets (%) | (1.3) | 2.8 | 11.5 | 1.8 | 8.8 |
| Experience gains and losses arising on the scheme liabilities (£'000) | (251) | (153) | (86) | (164) | (45) |
| As a percentage of the present value of the scheme liabilities (%) | (0.9) | (0.6) | (0.3) | (0.8) | (0.12) |
| Total amount recognised in statement of STRGL (£'000) | 521 | 1,486 | (534) | (112) | 308 |
| As a percentage of the present value of the scheme liabilities (%) | 1.9 | 5.5 | (2.0) | (0.5) | (1.9) |

Flour Milling and Baking Research Association Pension and Assurance Scheme

The contributions to this scheme are determined with the advice from an independent qualified actuary on the basis of triennial valuations using the attained age method. The most recent full valuation was carried out as at 1 January 2006.

This valuation showed that the market value of the scheme's assets at that date were £7,265,000 and that the actuarial value was sufficient to cover 87% of the value of the benefits that had accrued to members, after allowing for earnings increases and guaranteed pension increases.

Following the valuation, the actuarial advice is that the group should contribute in accordance with a schedule of contributions (with varying amounts) to satisfy the long term funding of the Scheme.

The total pension contributions made by the group during the year were £188,000 (2006: £262,000).

Financial Reporting Standard 17 ('FRS 17'), 'Retirement Benefits', is applied in full in these financial statements. The FRS 17 figures have been based on the data as at 1 January 2006 used for the actuarial valuation was carried out at that date, and then updated to 31 December 2006 and 31 December 2007, using the following main assumptions for valuing liabilities:

| | 2007 | 2006 |
|--|-------------------|-------------------|
| Discount rate for scheme liabilities | 5.8% per annum | 5.2% per annum |
| Price inflation | 3.5% per annum | 3.1% per annum |
| Increases to pensionable pay | 4.5% per annum | 4.1% per annum |
| Increases to pensions in payment | | |
| - LPI min 0% pa max 5% pa | 3.3% per annum | 2.9% per annum |
| - LPI min 0% pa max 2.5% pa | 2.1% per annum | 2.0% per annum |
| - LPI min 3% pa max 5% pa | 3.7% per annum | 3.6% per annum |
| - Fixed | At the fixed rate | At the fixed rate |
| Pre-retirement increases for deferred pensions - Excess over the GMP | 3.5% per annum | 3.1% per annum |

The assets in the scheme and the expected rate of return of those assets at 31 December 2007 were

| | Long term rate of expected return 2007 | Long term rate of expected return 2006 | Value 2007 £'000 | Value 2006 £'000 |
|------------------|--|--|------------------------|------------------------|
| Equities | 7.7% | 7.5% | 3,633 | 3,521 |
| Government bonds | 4.3% | 4.2% | 2,862 | 2,735 |
| Corporate bonds | 5.7% | 5.1% | 1,635 | 1,561 |
| Other | 5.5% | 5.0% | 20 | 327 |
| | | | <u>8,150</u> | <u>8,144</u> |

The valuation results were

| | 2007 £'000 | 2006 £'000 |
|--|---------------|---------------|
| Assets | 8,150 | 8,144 |
| Liabilities | (8,082) | (8,317) |
| Surplus/(Deficit) | 68 | (173) |
| Related deferred tax (liability)/asset at 30% | (20) | 52 |
| Surplus/(Deficit) after related deferred tax (liability)/asset | <u>48</u> | <u>(121)</u> |

The amount charged/(credited) to operating profit is

| | 2007 £'000 | 2006 £'000 |
|---------------------------------|---------------|---------------|
| Current service cost | 31 | 41 |
| Past service cost | - | (935) |
| Total operating charge/(credit) | <u>31</u> | <u>(894)</u> |

The amount credited/(charged) to other finance income/(costs) is

| | 2007 £'000 | 2006 £'000 |
|--|---------------|---------------|
| Expected return on pension scheme assets | 470 | 429 |
| Interest on pension scheme liabilities | (428) | (440) |
| | <u>42</u> | <u>(11)</u> |

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

| | 2007 | 2006 |
|---|-------|-------|
| | £'000 | £'000 |
| Actual return less expected return on pension scheme assets | (136) | 125 |
| Experience gains and losses arising on the scheme liabilities | (96) | 198 |
| Changes in assumptions underlying the present value of the scheme liabilities | 274 | 186 |

| | | |
|------------------------------------|----|-----|
| Actuarial gain recognised in STRGL | 42 | 509 |
|------------------------------------|----|-----|

Movement in surplus/(deficit) during the year

| | 2007 | 2006 |
|--|-------|---------|
| | £'000 | £'000 |
| Deficit as at 31 December 2006 | (173) | (1,827) |
| Current service cost | (31) | (41) |
| Employer contributions | 188 | 262 |
| Actuarial gain | 42 | 509 |
| Other finance income/(costs) | 42 | (11) |
| Past service cost | - | 935 |
| Surplus/(Deficit) as at 31 December 2007 | 68 | (173) |

History of experience gains and losses

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-------|------|-------|-------|--------|
| Actual return less expected return on pension scheme assets (£'000) | (136) | 125 | 596 | 228 | 218 |
| As a percentage of scheme assets (%) | (1.7) | 1.5 | 7.9 | 3.5 | 3.7 |
| Experience gains and losses arising on the scheme liabilities (£'000) | (96) | 198 | (28) | (41) | (19) |
| As a percentage of the present value of the scheme liabilities (%) | (1.2) | 2.4 | (0.3) | (0.5) | (0.12) |
| Total amount recognised in statement of STRGL (£'000) | 42 | 509 | (290) | 128 | (15) |
| As a percentage of the present value of the scheme liabilities (%) | (0.5) | 6.1 | (3.1) | 1.6 | (0.12) |

The above note to the Financial Statements is required under UK Financial Reporting Standard 17 ('FRS17'). The combined scheme deficit as shown above is as a result of taking a picture at the Group's year end using inconsistent assumptions required by this accounting standard for the valuation of assets and liabilities. The assets are valued purely at their market value at the end of each year whilst the liabilities include not only all liabilities at that date but also all future potential liabilities of the Scheme.

The method of valuing the Schemes under FRS 17 is inconsistent with both the Government's 'Minimum Funding Requirement' method and that used by the Scheme Actuary for the normal triennial valuation. As stated above, the last completed actuarial valuation carried out by the Scheme Actuary as at 1 January 2005 showed a deficiency of £3,110,000 for the Campden Scheme and as at 1 January 2006 a deficiency for the FMBRA Scheme of £1,109,000.

20. RELATED PARTY TRANSACTIONS

During the year the Group received fees and subscriptions from some companies of which members of Council are directors. All transactions were at arms length and in the ordinary course of business. The total value of these fees was £1,089,922 (2006 £1,184,443). Included in trade debtors at 31 December 2007 was £268,075 (2006 £255,525) owing by such related parties.