

**Annual Report for the year ended 31 July 2011**

**Company registration number 00769987**

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**Director and advisers**

**Director**

G W Baker

**Secretary**

F G Powell

**Bankers**

Lloyds Banking Group plc  
39 Threadneedle Street  
London  
EC2R 8PT

**Registered office**

Baker Group House  
Crick  
Northamptonshire  
NN6 7TZ

**Statutory auditor**

Baldwins (Leamington) Ltd  
29 Waterloo Place  
Leamington Spa  
Warwickshire  
CV32 5LA

## **Chairman's statement for the year ended 31 July 2011**

### **Introduction**

This statement relates to the attached accounts drawn up for the year ended 31 July 2011

### **Review of the year and subsequent events**

### **Financial Position**

The main subsidiary, Butcher's Pet Care Ltd as at 31<sup>st</sup> July 2011 was midway through a factory move to new premises at the same location. The new factory is leased for 20 years, and for the period December 2010 through to November 2011 the company operated across both the old and new sites incurring duplicated costs. Despite this significant move, the company achieved its highest revenue to date £74.0m (2010 £72.2m), but operating profit reduced, as a result of these duplicated costs, £5.1m (2010 £7.3m) before exceptional move costs of £0.8m (2010 £0.4m).

The factory move has involved significant capital expenditure on plant and machinery and leasehold improvements £14.1m (in addition to initial deposits in 2010 £9.1m), with further capital commitments at the year-end of £1.8m. An additional part of this move involved building a stock buffer which was near its peak at the year-end - stock 12.8m (2010 £7.3m). Bank borrowings subsequently increased to £10.9m (2010 £6.0m). A banking facility of up to £17.5m has been agreed which includes an interest free £5.0m three year loan (expires 2013), which was the prize for winning the Bank of Scotland Entrepreneurial business for the Midlands.

The strategy of expanding into mainland Europe has continued at pace with growth in revenue of 45% (revenue 2011 £4.0m, 2010 £2.7m). In December 2010 Butcher's Pet Care Ltd opened a new subsidiary with a sales and marketing office in Poland. The results of this subsidiary are consolidated in these financial statements.

As a consequence of the above the group results show revenue of £74.2m (2010 £72.2m) operating profits before exceptional items of £4.8m (2010 £7.3m).

### **Outlook for 2012**

The group has made an encouraging start to the trading year but market conditions remain competitive. The dual site costs are expected to impact 2012 to a similar extent as 2011 trading and there will be increased depreciation charge from the significant capital expenditure, with an expected increase in cost of £0.9m.



**G W Baker**  
**26th March 2012**

## **Director's report for the year ended 31 July 2011**

The director presents his report and the financial statements for the year ended 31 July 2011

### **Principal activities**

The principal activities of the group are those of pet food manufacturing and investing activities

### **Review of business and future developments**

The group has achieved good results in 2011 and has made an encouraging start to trading for 2012. For further information see the chairman's statement

### **Donations**

The group made charitable donations of £25,000 (2010 £25,000) to the Prince's Trust during the year

### **Dividends**

Interim dividends of £450,000 were paid during the year. The director does not recommend the payment of a final dividend

### **Directors**

The director who held office during the year was G W Baker

### **Financial risk management**

The group is exposed to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. Given the size of the group, the directors have not established a sub-committee of the Board to monitor financial risk management, but have established policies that are implemented and monitored by the directors

#### **Price risk**

The group is exposed to price risk on meat raw materials, the extent of these is regularly reviewed and assessed by the director. This process is considered to be effective given the size and nature of the risks involved, but will be reviewed in the future should circumstances change

#### **Credit risk**

The amount of exposure to any individual company is controlled by means of a credit limit which is monitored regularly by the financial management and in the case of financially material value by the director

#### **Liquidity Risk**

The group actively maintains a mixture of medium term and short term debt finance, which is designed to ensure that it has access to sufficient available funds for ongoing working capital needs as well as planned capital investment. The amount of debt finance required is reviewed at least annually by the director

#### **Interest Rate risk**

The group has interest bearing debt liabilities. Over 25% of the group's debt is on fixed interest terms, measured on a 12 month rolling basis. The director will review the appropriateness of this policy on at least an annual basis

#### **Foreign Currency Risk**

The group has exposure to foreign exchange movements on factored finished product purchases, partly offset by sales to the EU. The principal objective is to reduce the net effect of exchange rate volatility on short-term profits. Transactional exposure to currency exposures are hedged using short term forward purchases of foreign currencies and currency options. The director will review the appropriateness of this policy on at least an annual basis

## **Statement of director's responsibilities**

The director is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 company and of the group as at the end of the financial year and of the profit or loss of the group for that period. The director is required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business.

The director confirms that suitable accounting policies have been used and applied. He also confirms that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 July 2011.

The director is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the company and the group, to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

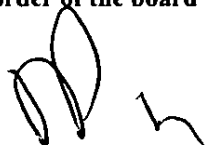
## **Statement of disclosure of information to the auditors**

So far as the director is aware, there is no relevant audit information of which the group's auditors are unaware. Additionally the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the group's auditors are aware of that information.

## **Auditors**

The auditors, Baldwins (Leamington) Ltd, are deemed to be re-appointed under section 487 (2) of the Companies Act 2006.

**By order of the board**



**F G Powell**  
Company secretary  
26th March 2012

## **Independent auditors' report to the members of F W Baker Limited**

We have audited the group and parent company financial statements (the "financial statements") of F W Baker Limited for the year ended 31 July 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the director and auditors**

The director is responsible for preparing the financial statements and for being satisfied they give a true and fair view, as explained more fully in the Statement of Directors Responsibilities set out on page 5.

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 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.

### **Opinion on financial statements**

In our opinion the financial statements

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- give a true and fair view of the state of the group's and parent company's affairs as at 31<sup>st</sup> July 2011 and of the group's profit for the year then ended.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Mr KSG Brevitt (Senior Statutory Auditor)  
for and on behalf of

**Baldwins (Leamington) Ltd**  
Chartered Certified Accountants  
Statutory Auditor  
Leamington Spa  
26th March 2012

**Consolidated Profit and loss account for the year ended 31 July 2011**

	Notes	2011 £'000 Before Exceptional items	2011 £'000 Exceptional items	2011 £'000 Total	2010 £'000 Before Exceptional items	2010 £'000 Exceptional items	2010 £'000 Total
<b>Turnover</b>	2	74,209		74,209	72,226		72,226
Cost of sales		(46,864)		(46,864)	(44,017)		(44,017)
<b>Gross profit</b>		<u>27,345</u>	-	<u>27,345</u>	<u>28,209</u>	-	<u>28,209</u>
Marketing, selling & distribution costs		(19,784)	-	(19,784)	(18,807)	-	(18,807)
Administrative expenses		(2,816)	(758)	(3,574)	(2,096)	(434)	(2,530)
<b>Operating profit</b>		<u>4,745</u>	<u>(758)</u>	<u>3,987</u>	<u>7,306</u>	<u>(434)</u>	<u>6,872</u>
Other interest receivable and similar income				37			79
Interest payable and similar charges	4			(67)			(18)
Other finance income / (costs) - FRS17	25			(191)			(368)
<b>Profit on ordinary activities before taxation</b>	5			<u>3,766</u>			<u>6,565</u>
Tax on profit on ordinary activities	7			(776)			(1,378)
<b>Profit for the financial year</b>	20			<u><u>2,990</u></u>			<u><u>5,187</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

The annexed notes form part of these financial statements

**Statement of Group total recognised gains and losses for the year ended 31 July 2011**

	Notes	2011 £'000	2010 £'000
<b>Profit for the financial year</b>		<b>2,990</b>	<b>5,187</b>
Unrealised surplus on revaluation of properties	25	-	194
Actuarial gain / (loss) on pension scheme	25	366	2,360
Movement on deferred tax relating to pension liability		(528)	(992)
<b>Total recognised gains and losses for the financial year</b>		<u><u>2,828</u></u>	<u><u>6,749</u></u>

**Consolidated Balance sheet at 31 July 2011**

	Notes	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Intangible assets	9	187	228
Tangible assets	10	24,711	11,347
		<u>24,898</u>	<u>11,575</u>
<b>Current assets</b>			
Stock	12	13,099	7,306
Debtors	13	11,505	11,890
Cash in hand		2,104	8,245
		<u>26,708</u>	<u>27,441</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(22,469)</u>	<u>(13,574)</u>
<b>Net current assets</b>		<u>4,239</u>	<u>13,867</u>
<b>Total assets less current liabilities</b>		<u>29,137</u>	<u>25,442</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(7,552)	(6,000)
<b>Provisions for liabilities</b>	17	(1,357)	(349)
<b>Net Assets excluding pension liability</b>		<u>20,228</u>	<u>19,093</u>
<b>Pension liability</b>	25	(1,843)	(3,086)
<b>Net Assets including pension liability</b>		<u>18,385</u>	<u>16,007</u>
<b>Capital and reserves</b>			
Equity share capital	19	1,000	1,000
Other reserves	20	161	161
Revaluation reserve	20	530	530
Profit and loss account	20	16,694	14,316
<b>Total Equity shareholders' funds</b>	21	<u>18,385</u>	<u>16,007</u>

The financial statements were approved and authorised for issue by the Board on 26th March 2012 and were signed on its behalf by



**G W Baker**  
**Director**

Company Registration No 00769987

The annexed notes form part of these financial statements



**Company Balance sheet at 31 July 2011**

	Notes	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Tangible assets	10	530	530
Investments	11	500	500
		<u>1,030</u>	<u>1,030</u>
<b>Current assets</b>			
Debtors – amounts falling due within one year	13	1,566	19
– amounts falling due after one year	13	3,314	314
Cash in hand		1	4,875
		<u>4,881</u>	<u>5,208</u>
<b>Creditors: amounts falling due within one year</b>	14	(1)	(15)
<b>Net current assets</b>		<u>4,880</u>	<u>5,193</u>
<b>Total assets less current liabilities</b>		<u>5,910</u>	<u>6,223</u>
<b>Capital and reserves</b>			
Equity share capital	19	1,000	1,000
Other reserves	20	161	161
Revaluation reserve	20	530	530
Profit and loss account	20	4,219	4,532
<b>Total Equity shareholders' funds</b>	21	<u>5,910</u>	<u>6,223</u>

The financial statements were approved and authorised for issue by the Board on 26th March 2012 and were signed on its behalf by



**G W Baker**  
**Director**

Company Registration No 00769987

The annexed notes form part of these financial statements

**Consolidated cash flow statement for the year ended 31 July 2011**

	Notes	2011 £'000	2010 £'000
Net cash inflow from operating activities	(a)	4,125	2,657
<b>Returns on investments and servicing of finance</b>			
Interest received		37	79
Interest paid on bank borrowings		(61)	(6)
Interest paid on hire purchase and finance leases		(6)	(12)
Net cash (outflow) / inflow from returns on investments and servicing of finance		(30)	61
<b>Taxation</b>			
		(377)	(591)
<b>Capital expenditure</b>			
Purchase of intangible assets		(2)	(250)
Purchase of tangible fixed assets		(14,208)	(9,113)
Sale of tangible fixed assets		(4)	26
Net cash (outflow) for capital expenditure		(14,214)	(9,337)
<b>Equity dividends paid</b>			
		(450)	(450)
Net cash (outflow) inflow before financing		(10,946)	(7,660)
<b>Financing</b>			
Additional hire purchase and finance lease		1,000	-
Hire purchase and finance lease repayments		(161)	(218)
Net cash inflow / (outflow) from financing		839	(218)
(Decrease) / increase in cash	(b)	(10,107)	(7,878)

## Cash flow statement for the year ended 31 July 2011

### Notes

**(a) Reconciliation of operating profit to net cash inflow from operating activities**

	2011 £'000	2010 £'000
Operating profit before interest and tax	3,987	6,872
Depreciation charges	843	758
Amortisation of intangible assets	43	22
(Gain) / loss on disposal of fixed assets	5	(12)
Decrease/(increase) in stocks	(5,793)	(1,036)
Decrease/(increase) in debtors	612	(2,721)
(Decrease)/increase creditors amounts falling due within 1 year	6,024	526
(Decrease)/increase in provisions	-	(350)
Difference between pension charge and cash contribution	(1,596)	(1,402)
<b>Net cash inflow from operating activities</b>	<b>4,125</b>	<b>2,657</b>

**(b) Reconciliation of net cash flow to movement in net funds**

	2011 £'000	2010 £'000
(Decrease) / increase in cash in the period	(10,107)	(7,878)
Cash (inflow)/outflow from net (increase)/ decrease in debt	(839)	218
<b>Movement in net cash in the period</b>	<b>(10,946)</b>	<b>(7,660)</b>
Net cash at 1 August	2,101	9,761
<b>Net cash at 31 July</b>	<b>(8,845)</b>	<b>2,101</b>

**c) Analysis of net funds**

	At 31 July 2010 £'000	Cash Flow £'000	At 31 July 2011 £'000
Cash in hand and at bank	8,245	(6,141)	2,104
Bank loans and overdrafts	(6,011)	(3,966)	(9,977)
Finance leases and hire purchase	(133)	(839)	(972)
	<b>2,101</b>	<b>(10,946)</b>	<b>(8,845)</b>

## **Notes to the financial statements for the year ended 31 July 2011**

### **1 Principal accounting policies**

#### **Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### **Basis of preparation of financial statements**

The financial statements are prepared on the going concern basis and in accordance with historical cost convention as modified by the revaluation of certain fixed assets

#### **Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking made up to 31<sup>st</sup> July 2011. Intra group sales and profits are eliminated fully on consolidation. The company has taken advantage of section 408 of the Companies Act 2006, and has not included its own profit and loss account. The company's profit after taxation for the year was £137,000 (2010 £68,000)

#### **Related Party Transactions**

The company has taken advantage of the exemptions from disclosing transactions with other group undertakings as conferred by Financial Reporting Standard No 8 in that all subsidiaries are wholly owned by a parent registered in England and Wales

#### **Goodwill and amortisation**

Goodwill is capitalised and amortised in equal instalments over 6 years being the directors' estimate of its useful economic life

#### **Turnover**

Turnover represents goods despatched from the principal place of business to customers' premises. It is not anticipated that goods are in transit for a period longer than twenty-four hours for sales in the United Kingdom

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. No interest costs are capitalised within the costs of self-constructed assets

Depreciation is charged at rates which are calculated to write off the fixed assets over their estimated economic lives, as follows

Freehold land	Nil	
Leasehold improvements	1-20 years	Straight line basis
Plant and equipment	3-20 years	Straight line basis
Motor vehicles	2-10 years	Straight line basis

Assets are reviewed for impairment if management consider there to be indicators for impairment during the financial year. Where impairment indicators are identified within specific business units, comparing the carrying value of assets with their net realisable value performs the test of impairment

#### **Stock**

Stock is valued at the lower of cost and net realisable value. In respect of finished goods, cost includes a relevant proportion of overheads according to the stage of manufacture

## **Pension scheme arrangements**

The Group operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable.

The Group operates a defined benefit scheme that is closed for future accrual. A full actuarial evaluation by a professionally qualified actuary is carried out every 3 years. The surplus / deficit in the scheme is recognised as an asset/ liability on the balance sheet. Changes in the asset / liability are written off in profit and loss account or statement of total recognised gains and losses as appropriate. The attributable deferred taxation is shown separately in the statement of total recognised gains and losses. The pension liability is shown on the balance sheet net of the related deferred taxation asset.

## **Hire purchase and leasing**

Assets held under hire purchase agreements or finance lease arrangements are capitalised in the balance sheet and the finance charge portion of rentals payable is charged to the profit and loss account. Costs in respect of operating leases are charged on a straight-line basis over the lease term.

## **Foreign currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling when the transaction was entered into or where appropriate, the rates of exchange fixed under the terms of the relevant transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

## **Research and development**

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

## **Deferred taxation**

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

## **2 Segmental analysis**

The analysis of turnover by geographical area is as follows:

	2011 £'000	2010 £'000
United Kingdom	70,079	69,491
Rest of Europe	4,130	2,735
	<u>74,209</u>	<u>72,226</u>

Turnover and operating profit are derived from one class of business, being the manufacture and wholesale of premium petfood.

**3 Employee information**

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

	2011 Number	2010 Number
<b>By activity</b>		
Management and administration	53	43
Production	179	182
	<u>232</u>	<u>225</u>

	2011 £'000	2010 £'000
<b>Staff costs</b>		
Wages and salaries	8,052	7,091
Social security costs	909	757
Other pension costs	248	225
	<u>9,209</u>	<u>8,073</u>

**4 Interest payable and similar charges**

	2011 £'000	2010 £'000
Finance leases	6	12
Bank loans	61	6
	<u>67</u>	<u>18</u>

**5 Profit on ordinary activities before taxation**

	2011 £'000	2010 £'000
Profit before taxation is stated after charging/(crediting)		
Amortisation of intangible assets	43	22
Depreciation of tangible fixed assets - owned assets	800	676
- leased assets	43	82
Research and development	300	254
Operating leases charges - plant and machinery	312	247
- other	1,608	862
Exchange (gain) / loss	(2)	(38)
(Profit)/loss on disposal of fixed assets	(5)	12
	<u>          </u>	<u>          </u>
<b>Services provided by the company auditor</b>		
Auditors' remuneration		
- audit	12	12
- taxation	8	8
Total auditor's remuneration	<u>20</u>	<u>20</u>
	<u>          </u>	<u>          </u>
<b>Exceptional items:</b>		
Factory site move	758	434
	<u>          </u>	<u>          </u>

**6 Directors' emoluments**

Disclosure in respect of the director of FW Baker Limited

	2011 £	2010 £
Aggregate emoluments	244,598	274,911
<b>Highest paid director</b>		
Emoluments and amounts receivable under long term incentive schemes	244,598	274,911

The director has retirement benefits accruing under a money purchase pension scheme. The total contribution made during the year was £nil (2010 £nil)

**7 Tax on profit on ordinary activities**

	2011 £'000	2010 £'000
<b>Domestic current year tax</b>		
UK Corporation Tax	(227)	612
<b>Current tax (credit) / charge</b>	(227)	612
<b>Prior Year adjustments</b>		
UK Corporation Tax	(5)	(54)
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,008	820
<b>Tax on profit on ordinary activities</b>	776	1,378

The effect of the exceptional item at note 5 is as follows

Expenses deductible for tax purposes	(134)	(121)
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The tax assessed for the year is different from the standard rate of corporation tax in the United Kingdom 27%. The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	3,766	6,565
Profit on ordinary activities multiplied by standard rate in the UK 27% (2010 28%)	1,017	1,838
Effects of		
Expenses not deductible for tax purposes	220	24
Capital allowances in excess of depreciation	(1,117)	(826)
Pension cost relief in excess of pension cost charge	(379)	(290)
Other tax adjustments	32	(131)
Utilisation of tax losses	-	(3)
<b>Total current tax (credit) / charge</b>	(227)	612

## 8 Dividends

	2011 £'000	2010 £'000
Interim dividend year ended 31 07 2011	450	-
Interim dividend year ended 31 07 2010	-	450
Ordinary dividend paid	450	450

## 9 Intangible assets

### Group

	Goodwill £'000	Other £'000	Total £'000
<b>Cost</b>			
At 31 July 2010	250	-	250
Additions	-	2	2
<b>At 31 July 2011</b>	<b>250</b>	<b>2</b>	<b>252</b>
<b>Amortisation</b>			
At 31 July 2010	22	-	22
Charge for the year	42	1	43
<b>At 31 July 2011</b>	<b>64</b>	<b>1</b>	<b>65</b>
<b>Net book value</b>			
At 31 July 2011	186	1	187
At 31 July 2010	228	-	228

## 10 Tangible fixed assets

### Group

	Motor Vehicles £'000	Plant and Machinery £'000	Leasehold Improvements £'000	Freehold land and buildings £'000	Total £'000
<b>Cost</b>					
At 31 July 2010	14	26,945	967	530	28,456
Additions	2	13,698	508	-	14,208
Disposals	-	(17)	-	-	(17)
Reclassification	-	574	(574)	-	-
<b>At 31 July 2011</b>	<b>16</b>	<b>41,200</b>	<b>901</b>	<b>530</b>	<b>42,647</b>
<b>Depreciation</b>					
At 31 July 2010	13	17,097	-	-	17,110
Charge for the year	3	828	12	-	843
Disposals	-	(17)	-	-	(17)
<b>At 31 July 2011</b>	<b>16</b>	<b>17,908</b>	<b>12</b>	<b>-</b>	<b>17,936</b>
<b>Net book value</b>					
At 31 July 2011	-	23,292	889	530	24,711
At 31 July 2010	1	9,848	967	530	11,347



Included in the above are fixed assets with a net book value of £3,274,000 (2010 £451,000) which are subject to hire purchase agreements or finance lease arrangements. The depreciation charged on these assets was £43,000 (2010 £82,000). The freehold land was revalued in 2010 by Burbage Realty, Logistics and Industrial Property Consultants and its historical cost is £nil (2010 £nil).

	Freehold land and buildings £'000	Total £'000
<b>Cost or valuation</b>		
At 31 July 2010	530	530
Additions	-	-
	<hr/>	<hr/>
<b>At 31 July 2011</b>	<b>530</b>	<b>530</b>
	<hr/>	<hr/>
<b>Depreciation</b>		
At 31 July 2010	-	-
	<hr/>	<hr/>
<b>At 31 July 2011</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>Net book value</b>		
<b>At 31 July 2011</b>	<b>530</b>	<b>530</b>
	<hr/>	<hr/>
At 31 July 2010	530	530

## 11 Investments

Company	Company Shares in Subsidiaries £'000
<b>Cost</b>	
At 31 July 2010	500
At 31 July 2011	<u>500</u>
<b>Net book value</b>	
At 31 July 2011	<u>500</u>
At 31 July 2010	500

Butcher's Pet Care Limited	500,000 £1 ordinary shares – pet food manufacturers
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Butcher's Pet Care Sp z o o 100 PLN 50 zloty ordinary shares – pet food wholesalers

**12 Stock**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Finished goods	11,134	6,035	-	-
Raw materials	1,706	961	-	-
Consumables	259	310	-	-
	<u>13,099</u>	<u>7,306</u>	<u>-</u>	<u>-</u>

**13 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year				
Trade debtors (see note below)	10,057	9,335	-	-
Other debtors	316	2,000	-	-
Prepayment and accrued income	1,132	555	-	-
Amounts due from subsidiary undertakings	-	-	1,566	19
Amounts falling due over one year				
Amounts due from subsidiary undertakings	-	-	3,314	314
	<u>11,505</u>	<u>11,890</u>	<u>4,880</u>	<u>333</u>

Trade debtors are subject to an invoice discounting arrangement

**14 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank overdraft and loans	3,977	11	-	-
Trade creditors	12,270	7,628	-	-
Finance leases	333	133	-	-
Other creditors	123	97	-	-
Corporation tax	-	382	-	15
Other taxation and social security	1,169	885	-	-
Accruals and deferred income	4,597	4,438	-	-
Amounts due to subsidiary undertakings	-	-	1	-
	<u>22,469</u>	<u>13,574</u>	<u>1</u>	<u>15</u>

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

**15 Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	6,000	6,000	-	-
Accruals and deferred income	913	-	-	-
Finance leases	639	-	-	-
	<u>7,552</u>	<u>6,000</u>	<u>-</u>	<u>-</u>

**16 Loans and other borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	9,977	6,011	-	-
Finance leases	972	133	-	-
	<u>10,949</u>	<u>6,144</u>	<u>-</u>	<u>-</u>

**Bank Loans and overdrafts**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Other than by instalments				
Within one year	3,977	11	-	-
In more than one year, but not more than five years	6,000	6,000	-	-
	<u>9,977</u>	<u>6,011</u>	<u>-</u>	<u>-</u>

**Finance leases**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	333	133	-	-
In more than one year, but not more than five years	639	-	-	-
	<u>972</u>	<u>133</u>	<u>-</u>	<u>-</u>

**17 Provisions for liabilities**

	<b>Group</b>	<b>Company</b>
	<b>Deferred Tax</b>	<b>Deferred Tax</b>
	<b>(note 18)</b>	<b>(note 18)</b>
	<b>£'000</b>	<b>£'000</b>
At 31 July 2010	349	-
Profit and loss account	1,008	-
At 31 July 2011	<u>1,357</u>	<u>-</u>

**18 Deferred tax**

The deferred tax liability is made up as follows

<b>Group</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Accelerated capital allowances	1,357	349
<b>Total provision for deferred tax</b>	<b>1,357</b>	<b>349</b>

**19 Equity share capital**

<b>Group and Company</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Allotted, called up and fully paid</b> 1,000,000 ordinary shares of £1 each	<b>1,000</b>	<b>1,000</b>

**20 Reserves**

<b>Group</b>	<b>Profit and loss account £'000</b>	<b>Other Reserves £'000</b>	<b>Revaluation Reserve £'000</b>
At 31 July 2010	14,316	161	530
Profit for the financial year	2,990	-	-
Actuarial gain / (loss) on pension scheme (note 25)	366	-	-
Dividends paid	(450)	-	-
Movement on deferred tax relating to pension liability	(528)	-	-
<b>At 31 July 2011</b>	<b>16,694</b>	<b>161</b>	<b>530</b>

<b>Company</b>	<b>Profit and loss account £'000</b>	<b>Other Reserves £'000</b>	<b>Revaluation Reserve £'000</b>
At 31 July 2010	4,532	161	530
Profit for the year	137	-	-
Dividends paid	(450)	-	-
<b>At 31 July 2011</b>	<b>4,219</b>	<b>161</b>	<b>530</b>

**21 Reconciliation of movements in equity shareholders' funds**

<b>Group</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Opening equity shareholders' funds	16,007	9,708
Profit for the financial year	2,990	5,187
Revaluation	-	194
Actuarial gain / (loss) on pension scheme (note 25)	366	2,360
Dividends paid	(450)	(450)
Movement on deferred tax relating to pension liability	(528)	(992)
<b>Closing equity shareholders' funds</b>	<b>18,385</b>	<b>16,007</b>

<b>Company</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Opening equity shareholders' funds	6,223	6,411
Profit for the financial year	137	68
Revaluation	-	194
Dividends paid	(450)	(450)
<b>Closing equity shareholders' funds</b>	<b>5,910</b>	<b>6,223</b>

**22 Capital commitments**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Contracts for capital expenditure not provided for	<b>1,798</b>	<b>9,695</b>

**23 Operating lease commitments**

At 31 July 2011 the group had annual commitments under non-cancellable operating leases as follows

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Land and Buildings</b>		
Expiring under one year	<b>219</b>	<b>70</b>
Expiring within two to five years	<b>-</b>	<b>745</b>
Expiring greater than five years	<b>1,430</b>	<b>-</b>
	<b>1,649</b>	<b>815</b>
<b>Other:-</b>		
Expiring within one year	<b>28</b>	<b>95</b>
Expiring within two to five years	<b>197</b>	<b>83</b>
Expiring greater than five years	<b>114</b>	<b>-</b>
	<b>339</b>	<b>178</b>

**24 Control**

The company is controlled by the director with a 100% shareholding

**25 Pension obligations****Defined contribution scheme**

The Group operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable. The total pension cost for the company was £248,000 (2010 £225,000)

**Defined benefit scheme**

The Group operates a defined benefit pension scheme. The scheme provided benefits based on final pensionable salary. Members ceased accrual with effect from 1<sup>st</sup> April 2005 and were granted deferred pensions. The assets of the scheme are held separately from those of the company, and are being invested with insurance companies. The contributions to the defined benefit scheme are agreed between the trustees and the company and in accordance with the advice of an independent qualified actuary.

The valuation used for FRS17 disclosures has been based on the most recent actuarial valuation of 6<sup>th</sup> April 2010. The preliminary results for this valuation have been updated by a professionally qualified actuary to take account of the requirements of FRS17 in order to assess the liabilities of the scheme as at 31 July 2011.

**The major actuarial assumptions used as at 31 July 2011 were**

	2011	2010
Rate of increase in salaries	n/a	n/a
Rate of increases in deferred pensions	3.50% pa	3.40% pa
Rate of increases in pensions in payment	3.40% pa	3.30% pa
Discount rate	5.40% pa	5.55% pa
Inflation assumption	3.50% pa	3.40% pa
Expected return on assets	5.44%pa	5.55%pa
Mortality table in deferment	S1PA00mc(year of birth)	S1PA00mc(yob)
Mortality table in retirement	S1PA00mc(year of birth)	S1PA00mc(yob)
Life expectancy for a male currently aged 65	20.7 years	20.6 years
Life expectancy for a female currently aged 65	23.2 years	23.1 years
Life expectancy at age 65 for a male currently aged 45	21.9 years	21.8 years
Life expectancy at age 65 for a female currently aged 45	24.2 years	24.1 years

**The amounts recognised in the balance sheet are as follows**

	2011	2010
	£'000	£'000
Present value of defined benefit obligations	(39,265)	(36,222)
Fair value of scheme assets	36,808	31,994
Deficit in the scheme recognised as a liability in the balance sheet	(2,457)	(4,228)
Related deferred tax asset	614	1,142
<b>Net pension liability</b>	<b>(1,843)</b>	<b>(3,086)</b>

**The amounts recognised in profit or loss are as follows**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	-	-
<b>Amounts included in finance income</b>		
Expected return on scheme assets	<b>1,805</b>	<b>1,765</b>
Interest on scheme liabilities	<b>(1,996)</b>	<b>(2,133)</b>
<b>Net (charge) / credit to finance income</b>	<b>(191)</b>	<b>(368)</b>
<b>Total (charge) / credit in profit or loss before taxation</b>	<b>(191)</b>	<b>(368)</b>
<b>Actual return on scheme assets</b>	<b>3,737</b>	<b>4,060</b>

Actuarial gains of £366,000 (2010 £2,360,000) have been reported in the statement of total recognised gains and losses in the year

**Changes in the present value of the defined obligation are as follows:**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	<b>36,222</b>	<b>35,192</b>
Current service cost	-	-
Interest on scheme liabilities	<b>1,996</b>	<b>2,133</b>
Benefits paid	<b>(519)</b>	<b>(1,038)</b>
Actuarial (gains) / losses	<b>1,566</b>	<b>(65)</b>
<b>Closing defined benefit obligation</b>	<b>39,265</b>	<b>36,222</b>

**Changes in the fair value of scheme assets are as follows:**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	<b>31,994</b>	<b>27,570</b>
Expected return	<b>1,805</b>	<b>1,765</b>
Actuarial gains / (losses)	<b>1,932</b>	<b>2,295</b>
Contributions by employer	<b>1,596</b>	<b>1,402</b>
Benefits paid	<b>(519)</b>	<b>(1,038)</b>
<b>Closing fair value of scheme assets</b>	<b>36,808</b>	<b>31,994</b>

The company expects to contribute £1,896,000 to the defined benefit pension scheme in the year to July 2012

The fair value of the major categories of scheme assets and the expected long-term rate of return at the balance sheet date are as follows:

	Long term rate of return expected at 31/07/2011	Long term rate of return expected at 31/07/2010	Fair value at 31/07/2011 £'000	% of total scheme assets	Fair value at 31/07/2010 £'000	% of total scheme assets
Equities	7.10% pa	7.25% pa	14,867	40%	13,308	41%
Gilts	3.60% pa	4.00% pa	11,776	32%	7,592	24%
Bonds	5.30% pa	5.40% pa	9,821	27%	9,229	29%
Cash	0.50% pa	0.50% pa	344	1%	1,865	6%
			<b>36,808</b>		<b>31,994</b>	

The overall expected return on assets assumption has been derived by calculating the weighted average of the expected rate of return for each asset class. The expected return on gilts and bonds has been based on current market yields. A higher rate of return is expected on equity investments with an allowance for an additional return of 3.50% over gilts. The expected return on cash is based on the current Bank of England base rate.

Amounts for the current and previous four years are as follows:

	2011	2010	2009	2008	2007
Defined benefit obligation	(39,265)	(36,222)	(35,192)	(31,480)	(31,494)
Fair value of scheme assets	36,808	31,994	27,570	26,641	27,123
<b>Deficit in the scheme</b>	<b>(2,457)</b>	<b>(4,228)</b>	<b>(7,622)</b>	<b>(4,839)</b>	<b>(4,371)</b>
Experience adjustments on scheme liabilities	(1,566)	65	(2,284)	1,294	4,474
Experience adjustments on assets	1,932	2,295	(2,685)	(3,639)	875
	<b>366</b>	<b>2,360</b>	<b>(4,969)</b>	<b>(2,345)</b>	<b>5,349</b>