

Company No. 00814221

AGRICULTURAL CREDIT CORPORATION LIMITED
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

30 September 2008

Baker Tilly UK Audit LLP
Chartered Accountants
The Clock House
140 London Road
Guildford, GU1 1UW

TUESDAY



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AGRICULTURAL CREDIT CORPORATION LIMITED
(A company limited by guarantee)

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AGRICULTURAL CREDIT CORPORATION LIMITED
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DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

J H Cossins (Chairman)
M Lambert
W H Organ
A W D Pexton
D G Quayle
M J L Sayers
R A Macdonald
M D Raymond

SECRETARY

D L Evers

REGISTERED OFFICE

Agricultural House
Stoneleigh Park
Stoneleigh
Warwickshire
CV8 2LZ

BANKERS

Barclays Bank plc
PO Box 15162
50 Pall Mall
London
SW1A 1QB

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW

AGRICULTURAL CREDIT CORPORATION LIMITED
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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2008.

ACTIVITIES AND BUSINESS REVIEW

The activities of the company are to provide finance or credit facilities for those directly or indirectly engaged in agriculture and horticulture.

However, with the announcement of the cessation of any further government support for guarantees entered into by the company after 31 March 1989, the Board of the company decided it was not in a position to sign any new guarantees after that date.

The results for the year ended 30 September 2008 are shown on page 5.

At 30 September 2008 outstanding bank guarantees provided by the company amounted to £20,500 compared with £137,900 outstanding at 30 September 2007.

The provision for losses under guarantees, net of amounts recoverable from DEFRA, as at 30 September 2008 amounted to £2,000 (2007: £18,700).

DIRECTORS

The directors of the company during the year were:

J H Cossins	(Chairman)
M Lambert	
W H Organ	
A W D Pexton	
D G Quayle	
M J L Sayers	
R A Macdonald	
M D Raymond	

None of the directors receives any remuneration from the company

AUDITORS

The directors resolved that Baker Tilly UK Audit LLP be reappointed as auditors, in accordance with the provisions of the Companies Act 1989, s26(5).

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.



D L Evers
Secretary
10 February 2009

AGRICULTURAL CREDIT CORPORATION LIMITED
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those financial statements, directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AGRICULTURAL CREDIT CORPORATION LIMITED
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INDEPENDENT AUDITORS' REPORT

We have audited the financial statements on pages 5 to 12.

This report is made solely to the company'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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 company's affairs at 30 September 2008 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey
GU1 1UW
30 March 2009

AGRICULTURAL CREDIT CORPORATION LIMITED
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PROFIT AND LOSS ACCOUNT
30 September 2008

	Note	2008 £	2007 £
NET CHARGES FOR GUARANTEES	2	493	2,775
Administrative costs		(22,674)	(20,736)
		<u>(22,181)</u>	<u>(17,961)</u>
Transfer to loss provision recoverable from DEFRA		-	(8,789)
Transfer from provision for losses under guarantees	10	16,700	11,300
Other operating (expenditure)/income	5	(99,491)	117,649
NET OPERATING INCOME AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(104,972)</u>	<u>102,199</u>
Tax (charge) on (loss)/profit on ordinary activities	6	(84,827)	(6,932)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES FOR THE YEAR TRANSFERRED TO RESERVES		<u><u>(189,799)</u></u>	<u><u>95,267</u></u>

All amounts in both the current and preceding years are in respect of continuing activities.

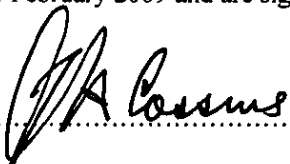
There were no recognised gains and losses during the year other than the loss for the year shown above. Accordingly, no statement of total recognised gains and losses is presented.

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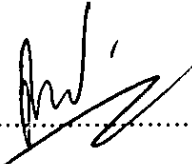
BALANCE SHEET
30 September 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Investments	7	1,399,003	1,557,911
CURRENT ASSETS			
Debtors	8	16,378	109,403
Debtors due in greater than one year: Loss provision recoverable from DEFRA		7,000	65,450
Short term deposits		190,436	144,070
Cash at bank and in hand			
		213,814	318,923
CREDITORS: amounts falling due within one year	9	(14,465)	(13,533)
NET CURRENT ASSETS		199,349	305,390
TOTAL ASSETS LESS CURRENT LIABILITIES		1,598,352	1,863,301
PROVISIONS FOR LIABILITIES AND CHARGES	10	(9,000)	(84,150)
NET ASSETS		1,589,352	1,779,151
FUNDS			
Profit and loss account	12	1,589,352	1,779,151

The financial statements on pages 5 to 12 were approved by the board of directors and authorised for issue on 10 February 2009 and are signed on its behalf by:


 J H Cossins

Director


 A W D Pexton

Director

AGRICULTURAL CREDIT CORPORATION LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 September 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below:

Accounting convention

The financial statements are prepared under the historical cost convention.

Guarantee charges

Charges to customers in respect of guarantees given by the company for periods expiring after the year-end are apportioned on a time basis and only amounts apportionable to the financial year of the company are brought into the accounts as revenue of the year. Amounts apportioned to periods after the year end are carried forward in the balance sheet as "guarantee charges in advance".

Provision for losses under guarantees

A provision for possible losses under guarantees given by the company is made by reference to the total of guarantees outstanding at the year end and past experience of losses arising under guarantees. Specific provision is also made for losses under claims received or intimated, the final amounts of which have still to be determined.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Investments

Investments are stated in the balance sheet at cost, less any provision for impairment in value, at the balance sheet date. Although the investments are actively traded within the portfolio, the portfolio is not expected to be realised in the foreseeable future and is therefore classified as a fixed asset investment.

AGRICULTURAL CREDIT CORPORATION LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 September 2008

2. NET CHARGES FOR GUARANTEES

Net charges for guarantees comprise invoiced charges attributable to the year ended 30 September 2008 for guarantees given by the company, the one principal activity of the company which is undertaken entirely in the United Kingdom.

3. NET OPERATING INCOME

is stated after charging:

	2008	2007
	£	£
Auditors' remuneration	4,361	3,500
Staff costs (note 4)	6,103	6,514
	<u>6,103</u>	<u>6,514</u>

4. STAFF COSTS

	2008	2007
	£	£
Salaries	5,847	6,102
Social security costs	256	412
	<u>6,103</u>	<u>6,514</u>

The number of employees engaged in management and administration was 1 (2007:1).

No director of the company received any emoluments during the year (2007: £Nil).

5. OTHER OPERATING (EXPENDITURE)/INCOME

	2008	2007
	£	£
Income from fixed asset listed investments	63,686	60,945
Net profit on sale of UK listed investments	48,571	44,917
Interest on bank deposit, short term deposits, overpaid corporation tax and commission	8,278	6,138
(Increase)/decrease of previous provision for diminution in value of investments	(220,026)	5,649
	<u>(99,491)</u>	<u>117,649</u>

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NOTES TO THE ACCOUNTS
Year ended 30 September 2008

6. TAX CHARGE/(CREDIT) ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
UK Corporation tax:		
Current year	4,950	4,423
Adjustments in respect of prior years	(1,585)	-
Total current tax	<u>3,365</u>	<u>4,423</u>
Deferred tax:		
Current year	81,462	2,509
Adjustments in respect of prior years	-	-
Total deferred tax	<u>81,462</u>	<u>2,509</u>
Tax charge on profit on ordinary activities	<u><u>84,827</u></u>	<u><u>6,932</u></u>

Factors affecting the tax charge for the current period.

The tax assessed for the period is higher than that resulting from applying standard rate of corporation tax in the United Kingdom of 21% (2007: 20%). The differences are explained below:

	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	<u>(104,972)</u>	<u>102,199</u>
Tax at 21% (2007: 20%) thereon	(22,044)	20,440
Prior year losses utilised	(664)	-
Chargeable gains	(10,200)	835
Release of provision against fixed asset investments	46,205	(1,632)
Dividend income	(7,981)	(7,181)
Double taxation relief	(240)	(229)
Capital losses utilised	-	(7,691)
Prior period adjustments	(1,585)	-
Change in tax rates	(126)	(119)
Total current corporation tax charge	<u><u>3,365</u></u>	<u><u>4,423</u></u>

The deferred tax asset arising on the trading losses of £37,620 (2007: £40,782) has not been recognised as their utilisation in the foreseeable future is considered to be relatively uncertain.

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NOTES TO THE ACCOUNTS
Year ended 30 September 2008

7. FIXED ASSET INVESTMENTS

	Listed Investments £
Cost	
At 1 October 2007	1,601,447
Purchases in the year	209,376
Sales in the year	(153,176)
	<hr/>
At 30 September 2008	1,657,647
	<hr/>
Provision for impairment	
At 1 October 2007	43,536
Released on disposals	(4,918)
Increase in the year	220,026
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At 30 September 2008	258,644
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Carrying value at 30 September 2008	1,399,003
	<hr/>
Carrying value at 30 September 2007	1,557,911
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At 30 September 2008 the listed investments had a combined market value of £1,685,396 (2007: £2,121,975).

8. DEBTORS

	2008 £	2007 £
Other debtors	10,551	22,114
Deferred tax asset	5,827	87,289
	<hr/>	<hr/>
	16,378	109,403
	<hr/>	<hr/>

The company has capital losses of £401,927 (2007: £436,444). The asset arising on these losses is only recognized to the extent that the market value of the company's investment portfolio exceeds its carrying value.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	1,045	1,184
Corporation tax	4,950	4,423
Other creditors	8,470	7,926
	<hr/>	<hr/>
	14,465	13,533
	<hr/>	<hr/>

AGRICULTURAL CREDIT CORPORATION LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 September 2008

10. PROVISIONS FOR LIABILITIES AND CHARGES

	2008	2007
	£	£
Provisions for losses under guarantees		
At 1 October 2007	84,150	110,790
Utilised in the year	-	(15,340)
Released in the year	(75,150)	(11,300)
	<hr/>	<hr/>
At 30 September 2008	<u>9,000</u>	<u>84,150</u>

In accordance with the requirements of FRS12 the provision for potential costs from guaranteed claims has been shown gross. The related amount recoverable from the Department for Environment, Food and Rural Affairs ("DEFRA") has been recorded as a separate asset.

The provision will be utilised as and when claims made against guarantees are settled.

11. CALLED UP SHARE CAPITAL

The company is a company limited by guarantee, having no share capital.

Under paragraph 5 of the Memorandum of Association of the company, every member is liable to contribute, in the event of winding-up, such an amount as may be required, not exceeding £1, in addition to any sum due and payable by him under the Articles of Association for the time being in force.

Under paragraph 26 of the Articles of Association, the income and property of the company shall be applied solely towards the carrying out and exercising of the objects and powers of the company. No part shall be distributed amongst the members of the company except, on a winding up, any assets available for distribution shall be applied to paying £1 to each of the nominal members of the company and then transferred to the NFU Development Company Limited.

12. MOVEMENT ON RESERVES

	Profit and loss account £
At 1 October 2007	1,779,151
Loss retained for the year	(189,799)
	<hr/>
At 30 September 2008	<u>1,589,352</u>

AGRICULTURAL CREDIT CORPORATION LIMITED
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NOTES TO THE ACCOUNTS
Year ended 30 September 2008

13. CONTINGENT LIABILITIES

The total amounts covered by the guarantee schemes at the year-end were as follows:

	2008 £	2007 £
Ordinary Scheme	10,000	103,400
Farm and Horticulture Development Scheme	-	24,000
Insured Guarantee Scheme	10,500	10,500
	<hr/>	<hr/>
	20,500	137,900
	<hr/>	<hr/>

Under the terms of the Ordinary and the Farm and Horticulture Development Schemes the company is liable for 90% of the guaranteed amounts and has an agreement with the Department for Environment, Food and Rural Affairs ("DEFRA") for reimbursement of 70% of guaranteed amounts.

The company is fully insured against any liability arising under the Insured Guarantee Scheme.

14. RELATED PARTIES

The National Farmers' Union (NFU) is related to the company due to the directors R A Macdonald and M D Raymond also being officers of the NFU. During the year the NFU provided services of £6,540 to the company. At the year end £461 was due to the NFU.