

REGISTERED NUMBER: 04654686 (England and Wales)

REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
FOR
HUTCHINSON GROUP LIMITED

THURSDAY



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FOR THE YEAR ENDED 31 DECEMBER 2011

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HUTCHINSON GROUP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS:

C H Hutchinson
D A Hutchinson
Mrs J M Hutchinson
M L Hutchinson
Mrs M J Hutchinson

SECRETARY:

D A Hutchinson

REGISTERED OFFICE:

Hillside
High Street
Ringstead
Hunstanton
PE36 5JU

REGISTERED NUMBER:

04654686 (England and Wales)

AUDITORS:

Whealers
Chartered Accountants, Tax Consultants
& Statutory Auditors
27-29 Old Market
Wisbech
Cambridgeshire
PE13 1NE

BANKERS:

Barclays Bank PLC
12 Old Market
Wisbech
Cambridgeshire
PE13 1NN

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

2011 has been a productive year for the Hutchinson Group of Companies. The trading environment was different to that for 2010 in that 2011 saw very dry conditions during the spring and early summer which restricted crop growth and resulted in low disease, weed and pest pressure. Conditions improved for the autumn and crop establishment was good. There were no major changes in crop areas during the year.

The Group's turnover has increased by 4.3% to £154.6 million (2010: £148.3 million) and profit before tax has increased by 12.1% to £9.97 million (2010: £8.89 million). Overheads fell by 2.4% to £7.7 million and net assets at the year end were £31.8 million (2010: £28.3 million). In 2011 the Group earned net interest receivable of £0.20 million (2010: £0.13 million) and as at 31st December, 2011 had positive cash balances of £18.9 million (2010: £13.4 million). The continuing improvement in the Group's cash reserves is very pleasing and ensures that significant financial resources are readily available for investment in the future success of the business.

For many years Hutchinsons has invested heavily in the training and development of trainee agronomists and this has been a very successful programme producing many of our current leading agronomists. During 2010 the training programme was developed further and was named "The Hutchinsons Foundation". During 2011 we have continued to invest strongly in staff training and development at all levels of the business.

The Group has limited risk from financial instruments, price, credit or liquidity and cash flow. We are not directly exposed to foreign currency risk to any material extent. Cash reserves of £18.9 million as at 31st December, 2011 provide a high degree of protection from any short and medium term adverse factors. The Directors monitor relevant financial information on a daily, weekly and monthly basis as appropriate and are able to respond to any issues that require attention promptly.

Hutchinsons has continued to adapt to the challenges facing agriculture and, whilst trading conditions were positive in 2010 and parts of 2011, the Group is mindful that this is a cyclical industry and the business will need to continue to be strongly positioned to succeed in a range of agricultural economic conditions. Costs have been contained through improved efficiency whilst maintaining investment in our staff, our services to customers and the development of the business. We continue to invest in the training and development of both experienced staff and in trainees. We also continue to invest in our agronomic IT systems and in agronomic research and development.

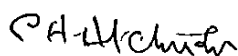
Conditions in the first half of 2012 have been very positive and the consistent rainfall throughout the spring has meant that the market for our products has been greater than expected. Demand for our agronomic services has also been strong and we continue to gain new customers. With crop prices continuing at high levels the prospects for the immediate future are encouraging, although the 2012 harvest results have been variable as a consequence of the wet spring conditions and a summer lacking in sunshine.

Our industry continues to face significant challenges - a reduction in the pace of the introduction of new technology, a lack of resources in the industry resulting from a long period of underinvestment and the revocation of approval for use of a number of key active ingredients. However there are also more positive factors such as the increasing demand for food and other agricultural products that are produced efficiently and in an environmentally sustainable manner.

Hutchinsons is now one of the leading agronomic advisory and agrochemical distributor businesses in the UK and we also have important positions in animal health, fertiliser, packaging and seed. All areas of our business provide significant opportunities for future growth.

The results that the Group has achieved in 2011 reflect the combined efforts of our excellent staff who continue to work with great dedication and commitment. The Group strives to provide a working environment in which its staff can flourish and individuals can realise their full potential and ambitions. Planning for the long term staff requirements of the business is a key priority for us and we are pleased with our position on this issue.

We are fortunate to work with a very high quality team of people and this, together with the strength of the Group's financial position, means that I am confident that we will continue to enjoy a successful future.



C H Hutchinson - Chairman

Date 25th September, 2012

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of agronomy advisors and suppliers of agricultural inputs and packing materials

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements

Details of the results for the year are given in the Chairman's Report

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2011 was £868,000 (2010 - £775,000)

FIXED ASSETS

The movements in tangible fixed assets during the year are set out in note 10 to the financial statements

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report

C H Hutchinson

D A Hutchinson

Mrs J M Hutchinson

M L Hutchinson

Mrs M J Hutchinson

EMPLOYEE INVOLVEMENT

The directors recognise the need to maintain good communications with employees and to increase their involvement in their work. Management is responsible for the detailed development of communications and participation practices as required by their local situations. The practices involved include providing information to employees on the group's products, financial results, operations, plans and economic factors affecting the group's performance through house journals, news bulletins and briefing meetings. Human resource development is a key element of the group's long term strategic priorities, with particular emphasis on learning.

DISABLED PERSONS

Disabled persons are employed and trained where their aptitudes and abilities allow and where there are suitable vacancies. Every effort is made to ensure that employment continues for employees who become disabled, training being arranged as appropriate. It is the policy of the company that, as far as possible, disabled and able-bodied people should enjoy identical career opportunities.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

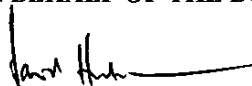
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

In accordance with Section 487(2) of the Companies Act 2006 the auditors, Wheelers, are deemed to have been re-appointed.

ON BEHALF OF THE BOARD:



D A Hutchinson - Secretary

Date 25th September, 2012.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HUTCHINSON GROUP LIMITED**

We have audited the financial statements of Hutchinson Group Limited for the year ended 31 December 2011 on pages six to thirty four. 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 a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report and the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.

Andrew Cave MA FCA (Senior Statutory Auditor)
for and on behalf of Wheelers
Chartered Accountants, Tax Consultants
& Statutory Auditors
27-29 Old Market
Wisbech
Cambridgeshire
PE13 1NE

Date 25 September 2012

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	31 12 11 £'000	£'000	31 12 10 £'000	£'000
TURNOVER			154,623		148,268
Cost of sales			<u>137,769</u>		<u>131,832</u>
GROSS PROFIT			16,854		16,436
Distribution costs		3,398		3,553	
Administrative expenses		<u>4,323</u>		<u>4,363</u>	
			<u>7,721</u>		<u>7,916</u>
			9,133		8,520
Other operating income			<u>198</u>		<u>41</u>
OPERATING PROFIT	4		9,331		8,561
Share of operating profit in associate companies			<u>192</u>		<u>99</u>
			9,523		8,660
Interest receivable and similar income		212		155	
Other finance income	20	<u>252</u>		<u>103</u>	
			<u>464</u>		<u>258</u>
			9,987		8,918
Interest payable and similar charges	5		<u>16</u>		<u>23</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			9,971		8,895
Tax on profit on ordinary activities	6		<u>2,632</u>		<u>2,561</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			7,339		6,334
Minority interest - equity			<u>155</u>		<u>166</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			<u>7,184</u>		<u>6,168</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011

	31 12 11 £'000	31 12 10 £'000
PROFIT FOR THE FINANCIAL YEAR	7,184	6,168
Actuarial (losses) / gains on pension scheme	(3,732)	901
Movement on deferred tax relating to pension asset / (liability)	895	(234)
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>4,347</u>	<u>6,835</u>

The notes form part of these financial statements

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

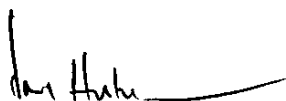
CONSOLIDATED BALANCE SHEET
31 DECEMBER 2011

	Notes	31 12 11 £'000	£'000	31 12 10 £'000	£'000
FIXED ASSETS					
Intangible assets	9		501		695
Tangible assets	10		5,938		5,343
Investments					
Interest in associate undertakings	11		<u>871</u>		<u>749</u>
			7,310		6,787
CURRENT ASSETS					
Stocks	12	11,440		10,092	
Debtors	13	17,615		16,529	
Cash at bank and in hand		<u>18,909</u>		<u>13,388</u>	
		47,964		40,009	
CREDITORS					
Amounts falling due within one year	14	<u>22,536</u>		<u>18,985</u>	
NET CURRENT ASSETS			<u>25,428</u>		<u>21,024</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			32,738		27,811
CREDITORS					
Amounts falling due after more than one year	15		-		(5)
PENSION (LIABILITY)/ASSET	20		(581)		849
MINORITY INTERESTS	17		<u>(376)</u>		<u>(353)</u>
NET ASSETS			<u>31,781</u>		<u>28,302</u>
CAPITAL AND RESERVES					
Called up share capital	18		3		3
Revaluation reserve	19		200		200
Profit and loss account	19		<u>31,578</u>		<u>28,099</u>
SHAREHOLDERS' FUNDS	23		<u>31,781</u>		<u>28,302</u>

The financial statements were approved by the Board of Directors on its behalf by

25th September, 2012

and were signed on



D A Hutchinson - Director

The notes form part of these financial statements

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

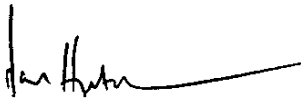
COMPANY BALANCE SHEET
31 DECEMBER 2011

	Notes	31 12 11 £'000	£'000	31 12 10 £'000	£'000
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		2,026		2,065
Investments	10		<u>78</u>		<u>78</u>
			2,104		2,143
CURRENT ASSETS					
Debtors	12	3,668		1,556	
Cash at bank		<u>2,640</u>		<u>502</u>	
		6,308		2,058	
CREDITORS					
Amounts falling due within one year	13	<u>129</u>		<u>123</u>	
NET CURRENT ASSETS			<u>6,179</u>		<u>1,935</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,283</u>		<u>4,078</u>
CAPITAL AND RESERVES					
Called up share capital	17		3		3
Revaluation reserve	18		165		165
Profit and loss account	18		<u>8,115</u>		<u>3,910</u>
SHAREHOLDERS' FUNDS	22		<u>8,283</u>		<u>4,078</u>

The financial statements were approved by the Board of Directors on its behalf by

25th September, 2012

and were signed on



D A Hutchinson - Director

The notes form part of these financial statements

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)**CONSOLIDATED CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	31 12 11 £'000	£'000	31 12 10 £'000	£'000
Net cash inflow from operating activities	1		10,298		6,905
Returns on investments and servicing of finance	2		97		58
Taxation			(2,337)		(1,980)
Capital expenditure and financial investment	2		(1,645)		(1,412)
Acquisitions and disposals	2		-		(500)
Equity dividends paid			<u>(868)</u>		<u>(775)</u>
			5,545		2,296
Financing	2		<u>(24)</u>		<u>(43)</u>
Increase in cash in the period			<u>5,521</u>		<u>2,253</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		5,521		2,253	
Cash outflow from decrease in debt and lease financing		<u>24</u>		<u>43</u>	
Change in net funds resulting from cash flows			<u>5,545</u>		<u>2,296</u>
Movement in net funds in the period			5,545		2,296
Net funds at 1 January			<u>13,359</u>		<u>11,063</u>
Net funds at 31 December			<u>18,904</u>		<u>13,359</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 12 11	31 12 10
	£'000	£'000
Operating profit	9,331	8,561
Depreciation charges	1,442	1,230
Profit on disposal of fixed assets	(198)	(40)
Increase in stocks	(1,348)	(750)
Increase in debtors	(1,104)	(749)
Increase/(decrease) in creditors	3,744	(707)
Difference between pension charge and cash contributions	<u>(1,569)</u>	<u>(640)</u>
Net cash inflow from operating activities	<u>10,298</u>	<u>6,905</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 11	31 12 10
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	212	155
Interest paid	(8)	(9)
Interest element of hire purchase payments	(1)	(3)
Dividends received	26	33
Dividends paid to minority interests	<u>(132)</u>	<u>(118)</u>
Net cash inflow for returns on investments and servicing of finance	<u>97</u>	<u>58</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,966)	(1,519)
Sale of tangible fixed assets	321	97
Sale of fixed asset investments	<u>-</u>	<u>10</u>
Net cash outflow for capital expenditure and financial investment	<u>(1,645)</u>	<u>(1,412)</u>
 Acquisitions and disposals		
Deferred consideration	<u>-</u>	<u>(500)</u>
Net cash outflow for acquisitions and disposals	<u>-</u>	<u>(500)</u>
 Financing		
Capital repayments in year	<u>(24)</u>	<u>(43)</u>
Net cash outflow from financing	<u>(24)</u>	<u>(43)</u>

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 11 £'000	Cash flow £'000	At 31 12 11 £'000
Net cash			
Cash at bank and in hand	<u>13,388</u>	<u>5,521</u>	<u>18,909</u>
	<u>13,388</u>	<u>5,521</u>	<u>18,909</u>
Debt			
Hire purchase	<u>(29)</u>	<u>24</u>	<u>(5)</u>
	<u>(29)</u>	<u>24</u>	<u>(5)</u>
Total	<u>13,359</u>	<u>5,545</u>	<u>18,904</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards

The company and group have sufficient financial resources and as a consequence, the directors believe that the company and group are well placed to manage their financial risks successfully despite the current uncertain economic outlook

The company and group have reasonable expectation that they have adequate resources to continue in operational existence for the foreseeable future. Thus continued adoption of the going concern basis of accounting is appropriate in preparing the annual financial statements

Basis of consolidation

The consolidated financial statements include the results of the company and all subsidiaries of group companies. Intra group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only

Associate companies are stated at the group's share of net assets and profits and taxation charges are included in the profit and loss account under the equity accounting method

Turnover

Turnover represents the invoiced value of goods sold and services provided, net of value added tax, and is wholly attributable to the principal activities of the group

Goodwill

Under the transitional provisions contained within Financial Reporting Standard 10 positive goodwill of £381,000, previously eliminated against reserves prior to the year ended 31 December 1998, has not been reinstated

Purchased goodwill, relating to the acquisition of businesses since 31 December 1998, plus goodwill arising on consolidation, is capitalised as an intangible asset and amortised on a straight line basis over a period of 5 years. Where goodwill has been impaired the amount of impaired goodwill is charged through the profit and loss account in the year of impairment

Tangible fixed assets

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of last year, are -

%

Freehold buildings	2
Improvements to leasehold property	over the length of the lease
Leased assets	over the length of the lease
Motor vehicles	10 - 50
All other assets	20 - 40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

The value of consignment stock, where the company and group do not bear the inherent risk of stock holding, together with the corresponding accrued cost have been excluded from balance sheet values

Supplier rebates

Retrospective rebates are receivable from suppliers on the purchase of certain products. Income is recognised based on actual purchases in the period and recorded as a reduction of product cost

Rebates relating to items purchased but still held at the balance sheet date are deducted from the carrying value of these items so that the cost of inventories is recorded net of applicable rebates

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Hire purchase and leasing commitments

Assets acquired under finance leases or hire purchase contracts, which substantially transfer the risks and rewards of ownership to the lessee, are capitalised at their fair value and depreciated over the shorter of useful economic lives and the lease term. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease

Rentals paid under operating leases are charged to the profit and loss account over the course of the lease

Pension costs and other post-retirement benefits

The group operates two defined benefit pension schemes both of which are closed to new members. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group. The contributions are determined by a qualified actuary on the basis of triennial valuations. Pension disclosures in the financial statements are in accordance with FRS17

The group also operates defined contribution schemes. Contributions are charged to the profit and loss account as they become payable

2 TURNOVER

Turnover is attributable to the principal activities of the group and arises from continuing activities within the United Kingdom

3 STAFF COSTS

	31 12 11	31 12 10
	£'000	£'000
Wages and salaries	14,151	13,533
Social security costs	1,632	1,451
Other pension costs	1,096	893
	<u>16,879</u>	<u>15,877</u>

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

3 STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	31 12 11	31 12 10
Staff	323	322
Directors	<u>5</u>	<u>5</u>
	<u>328</u>	<u>327</u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 11	31 12 10
	£'000	£'000
Operating leases - land and buildings	446	513
Hire of plant and machinery	91	152
Depreciation	1,248	1,036
Profit on disposal of fixed assets	(198)	(41)
Goodwill amortisation	194	194
Third party auditors' remuneration	4	25
Auditors' remuneration - audit fees	4	4
- audit of subsidiaries	39	31
- audit of pension fund accounts	4	4
- taxation and other	<u>10</u>	<u>8</u>

	31 12 11	31 12 10
	£'000	£'000
Directors' remuneration	527	554
Directors' pension contributions to money purchase schemes	<u>224</u>	<u>44</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>3</u>	<u>3</u>
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Information regarding the highest paid director is as follows

	31 12 11	31 12 10
	£'000	£'000
Emoluments etc	274	258
Pension contributions to money purchase schemes	<u>110</u>	<u>20</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 11	31 12 10
	£'000	£'000
Bank interest	-	2
Interest on corporation tax	8	7
Hire purchase interest	1	3
Associate companies interest paid	<u>7</u>	<u>11</u>
	<u>16</u>	<u>23</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	31 12 11 £'000	31 12 10 £'000
Current tax		
UK corporation tax	2,163	2,344
Under-provision in prior years	-	3
Share of associate companies tax	<u>37</u>	<u>21</u>
Total current tax	<u>2,200</u>	<u>2,368</u>
Deferred tax		
Deferred tax asset movement	18	(10)
Deferred tax on pensions	<u>414</u>	<u>203</u>
Total deferred tax	<u>432</u>	<u>193</u>
Tax on profit on ordinary activities	<u>2,632</u>	<u>2,561</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below.

	31 12 11 £'000	31 12 10 £'000
Profit on ordinary activities before tax	<u>9,971</u>	<u>8,895</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	2,592	2,491
Effects of		
Expenses not deductible for tax purposes	90	90
Short term timing differences	(4)	3
Capital allowances in excess of depreciation	(10)	17
FRS17 pension adjustment	(473)	(208)
Effect of changes in tax rates and marginal relief	17	(27)
Associate companies	(12)	(1)
Under-provision in prior years	<u>-</u>	<u>3</u>
Current tax charge	<u>2,200</u>	<u>2,368</u>

Factors that may affect future tax charges

Short term timing differences and timing differences between capital allowances and net asset values are recognised as a deferred tax asset as detailed in note 13 to the financial statements

7 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £5,073,000 (2010 - £2,386,000)

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

8 DIVIDENDS

	31 12 11	31 12 10
	£'000	£'000
Ordinary shares of £1 each		
Final	682	775
Interim	<u>186</u>	<u>-</u>
	<u>868</u>	<u>775</u>

9 INTANGIBLE FIXED ASSETS

Group	Goodwill
	£'000
COST	
At 1 January 2011	
and 31 December 2011	<u>4,629</u>
AMORTISATION	
At 1 January 2011	3,934
Amortisation for year	<u>194</u>
At 31 December 2011	<u>4,128</u>
NET BOOK VALUE	
At 31 December 2011	<u>501</u>
At 31 December 2010	<u>695</u>

As part of a restructuring of the group, the trade and net assets of Cropwise Limited were transferred to H L Hutchinson Limited on 31 December 2009. This resulted in an apparent overvaluation of investments in H L Hutchinson Limited, although there was no overall loss to the group. The Companies Act 2006 requires that, where such an overvaluation is expected to be permanent, the investment should be written down accordingly. The directors considered that as the substance of the transaction was merely to reorganise the group's operations, such a treatment would fail to give a true and fair view and the diminution in value of investments was instead re-allocated to goodwill, using the true and fair override.

The effect on H L Hutchinson Limited's balance sheet of this departure from the requirements of the Companies Act 2006 was to recognise goodwill of £970,000 including £245,000 purchased goodwill transferred from Cropwise Limited to H L Hutchinson Limited at 31 December 2009. Amortisation of £194,000 (2010 - £194,000) has been charged against this goodwill during the year.

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

10 TANGIBLE FIXED ASSETS

Group

	Land and buildings £'000	Improvements to leasehold prop £'000	Plant and machinery £'000
COST OR VALUATION			
At 1 January 2011	2,475	199	1,344
Additions	-	417	116
Disposals	-	-	(85)
At 31 December 2011	<u>2,475</u>	<u>616</u>	<u>1,375</u>
DEPRECIATION			
At 1 January 2011	240	27	866
Charge for year	45	46	153
Eliminated on disposal	-	-	(80)
At 31 December 2011	<u>285</u>	<u>73</u>	<u>939</u>
NET BOOK VALUE			
At 31 December 2011	<u>2,190</u>	<u>543</u>	<u>436</u>
At 31 December 2010	<u>2,235</u>	<u>172</u>	<u>478</u>
	Office equipment £'000	Motor vehicles £'000	Totals £'000
COST OR VALUATION			
At 1 January 2011	916	4,176	9,110
Additions	87	1,346	1,966
Disposals	(10)	(799)	(894)
At 31 December 2011	<u>993</u>	<u>4,723</u>	<u>10,182</u>
DEPRECIATION			
At 1 January 2011	428	2,206	3,767
Charge for year	187	817	1,248
Eliminated on disposal	(2)	(689)	(771)
At 31 December 2011	<u>613</u>	<u>2,334</u>	<u>4,244</u>
NET BOOK VALUE			
At 31 December 2011	<u>380</u>	<u>2,389</u>	<u>5,938</u>
At 31 December 2010	<u>488</u>	<u>1,970</u>	<u>5,343</u>

Included in cost or valuation of land and buildings is freehold land of £358,000 (2010 - £358,000) which is not depreciated

Included in fixed assets above are motor vehicles under hire purchase contracts with a net book value of £22,000 (2010 - £56,000) Depreciation charged on these vehicles during the year amounted to £10,000 (2010 - £28,000)

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

10 TANGIBLE FIXED ASSETS - continued

Group

Cost or valuation at 31 December 2011 is represented by

	Land and buildings £'000	Improvements to leasehold prop £'000	Plant and machinery £'000
Valuation in 1992	165	-	-
Cost	<u>2,310</u>	<u>616</u>	<u>1,375</u>
	<u>2,475</u>	<u>616</u>	<u>1,375</u>
	Office equipment £'000	Motor vehicles £'000	Totals £'000
Valuation in 1992	-	-	165
Cost	<u>993</u>	<u>4,723</u>	<u>10,017</u>
	<u>993</u>	<u>4,723</u>	<u>10,182</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost

	31 12 11 £'000	31 12 10 £'000
Cost	<u>2,310</u>	<u>2,310</u>
Aggregate depreciation	<u>248</u>	<u>205</u>
Value of land in freehold land and buildings	<u>358</u>	<u>358</u>

Freehold land and buildings were valued on an open market basis on 31 December 1992 by White & Eddy, Chartered Surveyors

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

10 TANGIBLE FIXED ASSETS - continued

Company

Land and
buildings
£'000

COST

At 1 January 2011
and 31 December 2011

2,295

DEPRECIATION

At 1 January 2011
Charge for year

230

39

At 31 December 2011

269

NET BOOK VALUE

At 31 December 2011

2,026

At 31 December 2010

2,065

Included in cost or valuation of land and buildings is freehold land of £330,000 (2010 - £330,000) which is not depreciated

11 FIXED ASSET INVESTMENTS

Group

Interest
in associate
undertakings
£'000

COST OR VALUATION

At 1 January 2011
Increase in group's share
of net assets
Movement in goodwill

749

117

5

At 31 December 2011

871

NET BOOK VALUE

At 31 December 2011

871

At 31 December 2010

749

At 31 December 2011 the group's share of net assets in associate undertakings amounted to £888,000 (2010 - £771,000) and negative goodwill amounted to £17,000 (2010 - £22,000)

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

11 FIXED ASSET INVESTMENTS - continued

Company

Shares in
group
undertakings
£'000

COST

At 1 January 2011
and 31 December 2011

88

PROVISIONS

At 1 January 2011
and 31 December 2011

10

NET BOOK VALUE

At 31 December 2011

78

At 31 December 2010

78

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

11 FIXED ASSET INVESTMENTS - continued

Interests in group undertakings

All subsidiaries of group companies are included in the consolidated financial statements. The directors consider that to give full particulars of all subsidiary undertakings, especially dormant companies, would lead to a statement of excessive length. The following position relates to the subsidiaries whose results principally affect the group results -

Name of undertaking	Country of incorporation	Description of shares held	Holding
H L Hutchinson Limited	England and Wales	Ordinary £1 shares	100%
Farmacy plc	England and Wales	Ordinary £1 shares	100%
Gardiner ICM Limited	Scotland	Ordinary £1 shares	51%

The principal activities of H L Hutchinson Limited are those of agronomy advisors and suppliers of agricultural inputs and packing materials.

The principal activity of Farmacy plc is the provision of professional agronomic and environmental services.

The principal activity of Gardiner ICM Limited is the sale of agrochemicals.

In August 2010 the group acquired control of twelve dormant companies. The ordinary share capital of these companies is 100% owned within the group. Total consideration of £115,000 was made by way of assignment of inter-company debt to H L Hutchinson Limited.

A full list of dormant subsidiary companies is available from the registered office on request.

Associate undertakings

The following associate undertakings of H L Hutchinson Limited have been included in the consolidated financial statements under the equity accounting method.

Name of undertaking	Country of incorporation	Description of shares held	Holding
Boston Crop Sprayers Limited	England and Wales	Ordinary £1 shares	33.33%
Chemical & Agricultural Services Limited	England and Wales	Ordinary £1 shares	47.66%

During 2010 H L Hutchinson Limited decreased its investment in Boston Crop Sprayers Limited from 40.00% to 33.33% for consideration received of £10,000.

The principal activities of the associate undertakings are:

Boston Crop Sprayers Limited - those of agricultural contracting and contract spraying.

Chemical & Agricultural Services Limited - those of agricultural & horticultural chemical and fertiliser wholesalers, retailers and suppliers.

12 STOCKS

	Group
	31.12.11
	£'000
Goods for resale	<u>11,440</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

13 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£'000	£'000	£'000	£'000
Trade debtors	16,347	15,050	-	-
Amounts owed by group undertakings	-	-	3,564	1,406
Amounts owed by participating interests	384	380	-	-
Other debtors	119	303	104	150
Deferred tax asset	121	139	-	-
Prepayments and accrued income	644	657	-	-
	<u>17,615</u>	<u>16,529</u>	<u>3,668</u>	<u>1,556</u>

Deferred tax asset

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£'000	£'000	£'000	£'000
Accelerated capital allowances	66	75	-	-
Timing differences on general provisions	55	64	-	-
	<u>121</u>	<u>139</u>	<u>-</u>	<u>-</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 12 11	31 12 10	31 12 11	31 12 10
	£'000	£'000	£'000	£'000
Hire purchase contracts (see note 16)	5	24	-	-
Trade creditors	14,846	12,389	-	-
Amounts owed to group undertakings	-	-	75	75
Amounts owed to participating interests	89	195	-	-
Tax	1,263	1,437	51	45
Social security and other taxes	1,406	378	-	-
Other creditors	4,292	3,755	-	-
Accruals and deferred income	635	807	3	3
	<u>22,536</u>	<u>18,985</u>	<u>129</u>	<u>123</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	31 12 11	31 12 10
	£'000	£'000
Hire purchase contracts (see note 16)	<u>-</u>	<u>5</u>

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

16 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	31 12 11	31 12 10
	£'000	£'000
Net obligations repayable		
Within one year	5	24
Between one and five years	<u>-</u>	<u>5</u>
	<u>5</u>	<u>29</u>

The following operating lease payments are committed to be paid within one year

Group

	Land and buildings		Other operating leases	
	31 12 11	31 12 10	31 12 11	31 12 10
	£'000	£'000	£'000	£'000
Expiring				
Within one year	126	153	-	26
Between one and five years	173	167	22	33
In more than five years	<u>139</u>	<u>173</u>	<u>-</u>	<u>-</u>
	<u>438</u>	<u>493</u>	<u>22</u>	<u>59</u>

17 MINORITY INTERESTS

	31 12 11	31 12 10
	£'000	£'000
At 1 January 2011	353	305
Profit and loss account	155	166
Dividends paid to minority interests	<u>(132)</u>	<u>(118)</u>
Equity minority interests at 31 December 2011	<u>376</u>	<u>353</u>

18 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			31 12 11	31 12 10
Number	Class	Nominal value £1	£	£
3,100	Ordinary		<u>3,100</u>	<u>3,100</u>

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

19 RESERVES

Group

	Profit and loss account £'000	Revaluation reserve £'000	Totals £'000
At 1 January 2011	28,099	200	28,299
Profit for the year	7,184		7,184
Dividends	(868)		(868)
Pension actuarial loss	<u>(2,837)</u>	<u>-</u>	<u>(2,836)</u>
At 31 December 2011	<u>31,578</u>	<u>200</u>	<u>31,779</u>
Profit and loss account excluding pension liability	32,159		
Pension deficit	<u>(581)</u>		
Profit and loss account	<u>31,578</u>		

Company

	Profit and loss account £'000	Revaluation reserve £'000	Totals £'000
At 1 January 2011	3,910	165	4,075
Profit for the year	5,073		5,073
Dividends	<u>(868)</u>	<u>-</u>	<u>(868)</u>
At 31 December 2011	<u>8,115</u>	<u>165</u>	<u>8,280</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

20 EMPLOYEE BENEFIT OBLIGATIONS

The group acts as the sponsoring employer to two defined benefit pension schemes in the UK

Both schemes are final salary pension schemes and are closed to new entrants. Employed members continue to accrue benefits that are linked to final pensionable salary and service at date of retirement (or date of leaving service if earlier)

The scheme assets are held in separate trustee-administered funds to meet long-term pension liabilities to past and present employees

The liabilities of the schemes are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method, which is an accrued benefits valuation method in which the liabilities make allowance for projected salaries

As a consequence of both schemes being closed to new members the age profile of active members will rise with time. Consequently, under the projected unit method used for FRS17 valuations, the current service cost of each scheme will increase as the members approach retirement

The pension (liability)/asset recognised in the balance sheet is as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
H L Hutchinson Limited Pension Scheme	(98)	(207)
Brown Butlin Group Limited Retirement Benefits Scheme	<u>(483)</u>	<u>1,056</u>
Net asset/(liability)	<u>(581)</u>	<u>849</u>

The H L Hutchinson Limited Pension Scheme

The most recent full actuarial valuation of the scheme, with an effective date of 1 April 2011, was updated by a qualified independent actuary. Employer contributions for 2012 are to be at the rate of 15% of pensionable salaries

The amounts recognised in the balance sheet are as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Present value of obligations	(8,388)	(7,454)
Fair value of plan assets	<u>8,259</u>	<u>7,174</u>
Present value of unfunded obligations	<u>(129)</u>	<u>(280)</u>
Deficit	(129)	(280)
Deferred tax	<u>31</u>	<u>73</u>
Net liability	<u>(98)</u>	<u>(207)</u>

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

20 EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Current service cost	132	114
Interest cost	405	382
Expected return	(434)	(377)
	<u>103</u>	<u>119</u>
Actual return on plan assets	<u>13</u>	<u>713</u>

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

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Opening defined benefit obligation	7,454	6,567
Current service cost	132	114
Contributions by scheme participants	102	106
Interest cost	405	382
Actuarial losses	403	430
Benefits paid	(108)	(145)
	<u>8,388</u>	<u>7,454</u>

Changes in the fair value of scheme assets are as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Opening fair value of scheme assets	7,174	5,795
Contributions by employer	1,078	705
Contributions by scheme participants	102	106
Expected return	434	377
Actuarial (losses)/gains	(421)	336
Benefits paid	(108)	(145)
	<u>8,259</u>	<u>7,174</u>

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

20 EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the statement of recognised gains and losses are as follows

Actuarial losses	<u>(824)</u>	<u>(94)</u>
Cumulative amount of actuarial losses	<u>(1,157)</u>	<u>(333)</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31 12 11	31 12 10
Inflation	2.30%	3.60%
Discount rate	4.80%	5.40%
Expected return on scheme assets	4.50%	5.70%
Future salary increases	4.00%	4.00%

Increases in pensions in payment have been assumed to increase in line with future price inflation up to a maximum of 3.0% per annum for service to 5 April 1997, 5.0% maximum for service between 6 April 1997 to 5 April 2009 and 2.5% maximum from 6 April 2009

The scheme assets are all invested in an insurance policy. The expected long term rate of return was obtained by considering the current level of expected return on risk free investments (primarily government bonds), the historic level of risk premium associated with other asset classes and the expected future returns for each asset class. The expected return for each asset class was weighted, based on the underlying distribution of assets within the policy at 31 December 2011.

Amounts for the current and previous four periods are as follows

	31 12 11	31 12 10	31 12 09	31 12 08	31 12 07
Defined benefit pension plans					
Defined benefit obligation	(8,388)	(7,454)	(6,567)	(4,959)	(5,649)
Fair value of scheme assets	8,259	7,174	5,795	4,102	4,480
Deficit	(129)	(280)	(772)	(857)	(1,169)
Experience adjustments on scheme liabilities	(162)	94	(123)	(63)	108
Experience adjustments on scheme assets	(421)	336	619	(1,085)	(199)

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

20 EMPLOYEE BENEFIT OBLIGATIONS - continued

The Brown Butlin Group Limited Retirement Benefits Scheme

The most recent full actuarial valuation of the scheme, with an effective date of 30 September 2010, was updated by a qualified independent actuary. Employer contributions for 2012 are to be at the rate of 17.2% of pensionable pay plus £560,000 annual deficit funding contribution.

The amounts recognised in the balance sheet are as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Present value of obligations	(29,234)	(26,982)
Fair value of plan assets	<u>28,599</u>	<u>28,409</u>
Surplus	-	1,427
Present value of unfunded obligations	(635)	-
Deferred tax	<u>152</u>	<u>(371)</u>
Net (liabilities) / assets	<u>(483)</u>	<u>1,056</u>

The amounts recognised in profit or loss are as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Current service cost	295	320
Interest cost	1,459	1,490
Expected return	<u>(1,682)</u>	<u>(1,598)</u>
	<u>72</u>	<u>212</u>
Actual return on plan assets	<u>(148)</u>	<u>2,683</u>

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

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Opening defined benefit obligation	26,982	25,545
Current service cost	295	320
Contributions by scheme participants	168	178
Interest cost	1,459	1,490
Actuarial losses	1,078	90
Benefits paid	<u>(748)</u>	<u>(641)</u>
	<u>29,234</u>	<u>26,982</u>

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

20 EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Opening fair value of scheme assets	28,409	25,820
Contributions by employer	918	369
Contributions by scheme participants	168	178
Expected return	1,682	1,598
Actuarial (losses)/gains	(1,830)	1,085
Benefits paid	<u>(748)</u>	<u>(641)</u>
	<u>28,599</u>	<u>28,409</u>

The amounts recognised in the statement of recognised gains and losses are as follows

Actuarial (loss)/gain	<u>(2,908)</u>	<u>995</u>
Cumulative amount of actuarial losses	<u>(3,589)</u>	<u>(681)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows

	Defined benefit pension plans	
	31 12 11	31 12 10
	£'000	£'000
Equities	15,129	15,909
Gilts	6,320	7,102
Corporate Bonds	2,374	2,500
Property	1,888	1,648
Cash and other	<u>2,888</u>	<u>1,250</u>
	<u>28,599</u>	<u>28,409</u>

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

20 EMPLOYEE BENEFIT OBLIGATIONS - continued

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31 12 11	31 12 10
Inflation - Retail Prices Index	3 00%	3 60%
Inflation - Consumer Prices Index	2 30%	3 10%
Discount rate	4 80%	5 40%
Expected return on scheme assets	4 80%	6 10%
Future salary increases	4 00%	4 00%

Increases in pensions in payment in respect of service from 6 April 1997 to 5 April 2005, and deferred pensions subject to statutory revaluation, increase in line with future price inflation up to a maximum of 5% per annum. Increases in pensions in payment in respect of service from 6 April 2005 increase at 2.5% per annum or, if lower, in line with future price inflation. Future price inflation is based on the Consumer Prices Index. The actuary considers it appropriate to assume all future increases equal 2.3% per annum.

The expected return on assets is a weighted average of the individual asset categories and their expected rates of return, which are determined by consideration of historical experience and current market factors. The rates of return assumed are:

	31 12 11	31 12 10
Equities	6 50%	7 50%
Gilts	2 50%	4 00%
Corporate Bonds	4 80%	5 40%
Property	5 50%	6 50%
Bank deposits and other assets	0 50%	0 50%

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

	31 12 11	31 12 10	31 12 09	31 12 08	31 12 07
Defined benefit pension plans					
Defined benefit obligation	(29,234)	(26,982)	(25,545)	(21,755)	(24,112)
Fair value of scheme assets	28,599	28,409	25,820	22,474	26,950
Deficit	(635)	1,427	275	719	2,838
Experience adjustments on scheme liabilities	-	420	-	-	-
Experience adjustments on scheme assets	(1,830)	1,085	2,293	(4,750)	(1,397)

Defined contribution scheme

A total of £525,000 (2010 - £459,000) has been paid into defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to these funds.

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

21 RELATED PARTY DISCLOSURES

Advantage has been taken of the exemption from disclosure of transactions and balances with group entities offered under FRS8, Related Party Disclosures, for wholly owned subsidiaries included in publicly available consolidated financial statements

The group had the following transactions, in the normal course of trade, with the following related parties requiring disclosure (all UK registered) -

Gardiner ICM Limited - 51 % owned subsidiary company of H L Hutchinson Limited -

	31 12 11 £'000	31 12 20 £'000
Sales	<u>1,882</u>	<u>1,648</u>
Dividend received	<u>138</u>	<u>122</u>
Owed to Gardiner ICM Limited	<u>181</u>	<u>71</u>

Boston Crop Sprayers Limited - associate company of H L Hutchinson Limited -

	31 12 11 £'000	31 12 10 £'000
Sales and recharges	<u>67</u>	<u>71</u>
Purchases	<u>213</u>	<u>193</u>
Dividend received	<u>7</u>	<u>7</u>
Loan balances remaining outstanding		
On interest free loans	170	170
On loans bearing interest at 2.5% above bank base rate	<u>185</u>	<u>185</u>
Interest charged on loans	<u>13</u>	<u>-</u>
Other balances owed by Boston Crop Sprayers Limited	<u>22</u>	<u>24</u>

Richard Austin Agriculture Limited - subsidiary company of Boston Crop Sprayers Limited -

	31 12 11 £'000	31 12 10 £'000
Sales and recharges	<u>101</u>	<u>7</u>
Purchases	<u>162</u>	<u>95</u>
Net balance owed by Richard Austin Agriculture Limited	<u>7</u>	<u>-</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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21 RELATED PARTY DISCLOSURES - continued

Chemical & Agricultural Services Limited - associate company of H L Hutchinson Limited -

	31 12 11	31 12 10
	£'000	£'000
Sales	<u>2,550</u>	<u>2,411</u>
Purchases	<u>11</u>	<u>23</u>
Dividend	<u>19</u>	<u>27</u>
Balance owed to Chemical & Agricultural Services Limited	<u>89</u>	<u>195</u>

22 ULTIMATE CONTROLLING PARTY

No one party has overall control of Hutchinson Group Limited

HUTCHINSON GROUP LIMITED (REGISTERED NUMBER: 04654686)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31 12 11	31 12 10
	£'000	£'000
Profit for the financial year	7,184	6,168
Dividends	<u>(868)</u>	<u>(775)</u>
	6,316	5,393
Other recognised gains and losses relating to the year (net)	<u>(2,837)</u>	<u>667</u>
Net addition to shareholders' funds	3,479	6,060
Opening shareholders' funds	<u>28,302</u>	<u>22,242</u>
Closing shareholders' funds	<u>31,781</u>	<u>28,302</u>

Company

	31 12 11	31 12 10
	£'000	£'000
Profit for the financial year	5,073	2,386
Dividends	<u>(868)</u>	<u>(775)</u>
Net addition to shareholders' funds	4,205	1,611
Opening shareholders' funds	<u>4,078</u>	<u>2,467</u>
Closing shareholders' funds	<u>8,283</u>	<u>4,078</u>