

**REGISTERED NUMBER: 03331929 (England and Wales)**

**REPORT OF THE DIRECTORS AND  
AUDITED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2011  
FOR  
NATIONAL MILK RECORDS PLC**

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

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FOR THE YEAR ENDED 31ST MARCH 2011**

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**NATIONAL MILK RECORDS PLC**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST MARCH 2011**

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**DIRECTORS:** Mr A J Warne  
Ms J L Marshall  
Mr T Lloyd  
Mr H I Smith  
Mr C T Hughes  
Mr P H Kirkham  
Mr D J Thomas

**SECRETARY:** Mr C T Hughes

**REGISTERED OFFICE:** Fox Talbot House  
Unit 4 Greenways Business Park  
Bellinger Close  
CHIPPENHAM  
Wiltshire  
SN15 1BN

**REGISTERED NUMBER:** 03331929 (England and Wales)

**AUDITORS:** Monahans Chartered Accountants  
Statutory Auditors  
38-42 Newport Street  
SWINDON  
Wiltshire  
SN1 3DR

**BANKERS:** Bank of Scotland  
PO Box 112  
Canons House  
Canons Way  
Bristol  
BS99 7LB

**SOLICITORS:** Penningtons  
Abacus House  
33 Gutter Lane  
London  
EC2V 8AR

**OVERVIEW AND CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2011**

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National Milk Records plc, the PLUS-quoted leading supplier of dairy and livestock services, is pleased to announce its audited results for the year ended 31 March 2011.

**Overview**

- Increased revenues and dividend of 2 pence per share
- Expanded geographic presence through Joint Venture to provide payment testing services to Irish dairy market
- Successful diversification of current product offering to include fertility aid Silent Herdsman™ - highly encouraging uptake in the UK
- Post year end acquisition of a new property to consolidate testing facilities, providing savings of £150,000 per annum
- Defined growth strategy to take advantage of strong market conditions bolstered by concerns regarding global food shortages and food traceability
- Share Reorganisation implemented to reduce number of legacy shareholders to a more appropriate size

NMR Managing Director Andy Warne said, "We are delighted to report a dividend of 2 pence per share on the back of what has been a highly active year for NMR. Over the last 12 months we have successfully consolidated our shareholder base, strengthened our product offering and raised our profile both in the UK and further afield.

"The market conditions within the dairy industry are highly conducive for growth and we are confident that we are positioned to capitalise upon this. Worldwide demands for increased food production, and stipulations from all major retailers for milk traceability has made milk recording a near necessity for all dairy farmers. NMR is already recording from 50 per cent. of the cows in the UK and with only one other major recording organisation operating in market, we are rapidly gaining more business from non-recording farmers. Importantly, with the infrastructure in place to accommodate further customers, growth can be achieved with marginal investment."

**Chairman's Statement**

It has been a successful year for NMR both on an operational and corporate level. We have established a formal presence in Ireland, trading has strengthened across our divisions and importantly, having conducted a share consolidation to dramatically decrease our shareholder register and reduced associated costs over the period, I am pleased to announce that we are now ideally placed to award a dividend of 2 pence per share for the year.

NMR operates through three divisions, which expand the Company's reach across various areas of the dairy industry: National Milk Records, which provides management information to farmers regarding individual cow performance in terms of milk quality, yield and fertility; National Milk Laboratories, an independent milk testing division for milk buyers, and National Livestock Records, which provides support to the red meat industry, facilitating the growing requirement for traceability in this sector.

As the leading provider of milk recording services in the UK, NMR's offering is increasingly attractive to farming professionals, retailers and policy-makers alike as concerns about a potential global food shortage between 2020 and 2040 rise. As the global population and household incomes continue to increase, so too does the number of consumers for which to provide. As this development continues, the demand for higher quality food is also predicted to increase, presenting NMR with a strong environment for expansion. We have already experienced increased trading on the back of this over recent years and we are confident that this will play a key role in our future growth.

**National Milk Records**

Milk recording continues to be at the core of the business and we are consistently looking for new ways to improve our services. Our disease testing capabilities are a key revenue driver in the business, particularly as concerns regarding food providence increase, and we continue to test herds on behalf of the majority of major UK dairy industry bodies to ensure that the quality of the milk is maintained.

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2011**

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During the period we were pleased to increase our product offering through our distribution agreement with Embedded Technology Solutions ('ETS') to distribute Silent Herdsman™, an intelligent, electronic monitoring collar designed to detect a cow's oestrus events, to the UK dairy industry. As reported in our interims, uptake amongst new and existing customers has been excellent due to the product's superior ability to significantly improve the efficiency of reproductive operations within the herd during the insemination process. Going forward, we hope to strengthen this relationship further and will update shareholders accordingly.

**National Milk Laboratories ('NML')**

NML has made strong progress over the year. Already testing the quality of over 95 per cent. of the milk in the UK before it is sold to consumers in the UK and Scotland, we were pleased to announce a formal move into southern Ireland in September 2010. Our proprietary payment testing business in Ireland is now marketed and delivered through Independent Milk Laboratories Limited ('IML') a company that we have set up with Irish farming cooperative Progressive Genetics Ireland Limited. We have focussed on moving into this highly attractive dairy market over recent years and IML has received a positive reception since it was established, particularly due to our association with a local leader in dairy services, which strengthens our credibility in the country.

We have a strong team on the board of IML, including Riona Sayers as CEO, a leading researcher of infectious diseases in dairy herds, and Professor Paddy Wall, one of Europe's most pre-eminent authorities on food quality, as Chairman. With this in mind, I am confident that our operations in Ireland will continue to add value to NMR and I look forward to updating shareholders over the coming months.

Additionally, we were pleased to announce in June 2011 the purchase of a freehold building in Wolverhampton for £475,000 to be used as the Company's only laboratory in England and Wales, consolidating the Company's current testing facilities. This will provide savings of up to £150,000 per year and will be funded by a 15 year mortgage rolling every three years. The purchase provides immediate cash flow advantage to the Company. It will also be used as a central transport depot for NMR's vehicles currently operating from a leased site in Stone, Staffordshire. Refurbishment work, which is anticipated to cost circa £325,000, is expected to begin in August and the laboratory is expected to be operational in Q1 2012.

**National Livestock Records ('NLR')**

Work with the Welsh Assembly Government on The Technology, Agriculture and Greater Efficiencies Project ('TAG') is ongoing, aimed at increasing traceability and efficiency in the Welsh sheep industry. This continues to be a significant source of revenue and provides us with a foothold from which to develop services to the wider UK sheep industry. We are also seeing growth in our ear tag distribution service, Nordic Star.

**Financials**

NMR continues to be highly cash generative and trading across all three divisions has been strong. I am pleased to report a net profit before tax and FRS 17 interest of £387,000 (2010: £504,000) on an increased turnover of £16,801,000 (2010: £15,896,000). The costs for the year include £93,000 relating to the share consolidation, and an increase of over £100,000 in the compulsory levy to the pension protection fund. Both costs can be considered as non-recurring and thus the underlying trend in profit is satisfactory. Our cash position at the year end is affected by working capital of some £300,000 tied up in Silent Herdsman™ which is expected to generate cash this year. Thus the net overdraft of £86,000 at the year end (2010 credit £297,000) belies the fact that our trading is cash generative.

In November 2010, NMR undertook a reorganisation of the NMR share capital to reduce the number of shareholders on the Company's register to a level more consistent with a company of NMR's size. We are confident that this has stimulated trading in our shares and has reduced the number of shareholders who are no longer engaged with the Company. This has provided us with the opportunity to generate value for our reduced shareholder base and we look forward to benefitting from this going forward.

**CHAIRMAN'S STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2011**

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In view of the consistent profitability of the Company over recent years, and the recently decreased share register, the Board considers it appropriate, having taken into account existing cash flow, capex commitments, and the Company's prospects to recommend the payment of a dividend of 2 pence per share. The total dividend amounts to £146,967.

**Pension**

We take our commitments to our pensioners and deferred pensioners seriously and we believe that our business plan will generate sufficient cash to allow us to invest in the growth of our business whilst agreeing with the Trustee a phased payment plan to meet the deficit in the fund. This should allow us to substantially reduce the inherent risk within a five year period.

**Outlook**

Over the past year, we have successfully reached key milestones which have added considerable value to the NMR offering and I am confident that the year ahead will be one of growth. Having made strong progress in expanding our geographic presence through our payment testing venture in Ireland, we are now well positioned to increase our presence in these markets and look forward to updating shareholders accordingly.

Market sentiment and concerns regarding food security and quality control provide our milk recording and payment testing divisions with an exciting market in which to operate. Going forward, we will be focussed on maintaining our position at the forefront of our sector, and working with dairy industry bodies to service the growing demand for good quality dairy products.

Finally, I'd like to thank all NMR employees for their hard work over the year and shareholders for their support over the past 12 months.

Philip Kirkham  
Chairman

13 July 2011

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**CORPORATE GOVERNANCE  
FOR THE YEAR ENDED 31ST MARCH 2011**

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**Board of Directors**

The Board currently comprises two executive directors and five non-executive directors, three of whom are farmers. The roles of the Chairman, who is non-executive and elected on an annual basis by the Board, and the Managing Director, are separated. The Managing Director, supported by the executive Director, is responsible for the operating performance of the company.

A formal schedule of matters requiring Board approval is maintained, and covers such areas as future strategy, approval of budgets, financial results, board appointments and dividend policy. The Board normally meets on a monthly basis and additional meetings are called if required. It is considered that adequate information is provided to allow directors to discharge their duties and they may take independent advice at the company's expense. They seek to understand the views of shareholders about the company.

All directors are subject to retirement by rotation and their re-election is a matter for the shareholders.

**Remuneration Committee**

The Remuneration Committee comprises Mr Kirkham and Mrs Marshall, with Mr Smith as Chairman. Its task is to determine the remuneration and other benefits of the company's Chairman, Managing Director, and other executive directors and designated senior managers. Remuneration of the non-executive directors is determined by the Chairman and executive directors.

**Audit Committee**

The Audit Committee comprises Mr Thomas and Mrs Marshall, with Mr Smith as Chairman. Its principal role is to monitor the integrity of the financial statements of the group, reviewing significant reporting issues and judgements which they contain. It also monitors the major risks which face the group.

**Nomination Committee**

The Nomination Committee comprises Messrs Lloyd and Warne with Mr Kirkham as Chairman. Its remit is to review the size, skills and composition of the Board, and to carry out succession planning for it and the senior executive, identifying candidates where appropriate.

**Board attendance of directors**

Number of meetings in year ended 31 March 2011.

Attendance of directors:

P Kirkham	-	100%
A Warne	-	100%
J Marshall	-	90%
C Hughes	-	90%
B Thomas	-	90%
I Smith	-	100%
T Lloyd	-	100%
Average % attendance	-	95.7%

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MARCH 2011**

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

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the provision of management information, predominantly to the agricultural industry.

**REVIEW OF BUSINESS**

A review of the business is contained in the Chairman's report.

The group profit before tax for the year amounted to £706,000 (2010: £230,000).

**PRINCIPAL RISKS AND UNCERTAINTIES**

There are a range of risks and uncertainties facing the company and the list below is not intended to be exhaustive. The focus is on those specific risks and uncertainties that the directors believe could have a significant impact on the group's performance, as analysed by its key performance indicators.

**Market conditions**

Levels of business activity will vary for each of the markets in which NMR operates, but ultimately this is dependent on factors such as economic cycles, government legislation, growth of the economy and environmental factors.

**Competitive pressures**

The group operates in competitive markets with differing characteristics. Market share could be affected by the emergence of new competitors or technological advances in products.

**Customers**

The group must maintain its ability to continue to provide an innovative service to the local customer base and develop in a profitable way in an increasingly price sensitive market. If the group fails to do this, customers may spend less with NMR.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The directors monitor the group's progress against its strategic objectives and the financial performance of the group's operations on a regular basis. Details of the most significant key performance indicators (KPIs) used by the group are as follows:

**Turnover (growth)**

NMR views change in the market as an opportunity to grow, and to use its profits and ability to develop and produce innovative products, services and solutions that satisfy emerging customer needs. Growth comes from taking considered risks, based on the state of the industry, but also in inducing change in the industry in which NMR operates.

For the year ended 31 March 2011, turnover was £16,801,000 (2010: £15,896,000), this represents a 5.7% increase on the previous year. NMR has been focusing on stabilizing its traditional core business and developing new innovative products and services which should lead to turnover growth over the next few years.

**Profitability**

In order to be successful, NMR needs to achieve sufficient profit to finance growth, create value for the group's shareholders and provide the resource needed to achieve any of the group's other objectives.

For the year ended 31 March 2011, gross profit was £4,006,000. This was up 5% from the year ended 31 March 2010 (£3,815,000). Profit before tax, excluding the effects of FRS 17 Interest, was £387,000 representing a 23% decrease on the previous year (2010 - £504,000). The costs for the year include a one off amount of £93,000 relating to the share consolidation and an increase of over £100,000 in the compulsory levy to the pension protection fund. This levy will reduce again in 2011/12.



**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MARCH 2011**

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**MARKET SHARE**

The group aims to extend market share by continually providing useful and significant products, services and solutions to markets it already serves and to expand into new areas that build on National Milk Records' competencies and customer interests. The group aims to be influential in the markets in which it operates.

**EMPLOYEE INVOLVEMENT**

The group has a well established structure to communicate with employees at every level and to encourage their involvement regarding the group's performance and future activities.

**DISABLED EMPLOYEES**

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

**DIVIDENDS**

The Directors are pleased to recommend the payment of dividend of 2 pence per ordinary share amounting to £147,000 (2010: No dividend was declared).

**FIXED ASSETS**

Details of the group's fixed assets are in note 10 of the financial statements. There is no significant anticipated difference between the current book value and the market value of the freehold property in its current usage.

**FUTURE DEVELOPMENTS**

The directors will continue to focus on the core business of the company and its subsidiary undertakings, whilst looking to take advantage of new opportunities as they arise. Further details of expected future developments are provided in the Chairman and Managing Director's Statement.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st April 2010 to the date of this report.

Mr A J Warne  
Ms J L Marshall  
Mr T Lloyd  
Mr H I Smith  
Mr C T Hughes  
Mr P H Kirkham  
Mr D J Thomas

**GROUP'S POLICY ON PAYMENT OF CREDITORS**

It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with.

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MARCH 2011**

**FINANCIAL INSTRUMENTS**

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

**DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISION**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

**MAJOR INTEREST IN SHARES**

On 31 March 2011 the following shareholders held an interest of 3% or more in the issued share capital of the company:

<b>Shareholder</b>	<b>Shareholding</b>	<b>% of Issued Share Capital</b>
Financial Media Holdings Limited	2,173,398	29.58%
Worship Street Investments	535,000	7.28%
National Milk Records Trustee Company	393,585	5.36%
Mr Martin Conder	250,000	3.40%

No other person has notified an interest in the ordinary shares of the company required to be disclosed in accordance with the Companies Act 2006

**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;
- 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.

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MARCH 2011**

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**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**

The auditors, Monahans Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



C T Hughes  
Director

13 July 2011

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
NATIONAL MILK RECORDS PLC**

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We have audited the financial statements of National Milk Records plc for the year ended 31st March 2011 on pages eleven to thirty nine. 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 eight, 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 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 31st March 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.



David Black (Senior Statutory Auditor)  
for and on behalf of Monahans Chartered Accountants  
Statutory Auditors  
38-42 Newport Street  
SWINDON  
Wiltshire  
SN1 3DR

13 July 2011

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2011**

	Notes	2011 £'000	£'000	2010 £'000	£'000
<b>GROUP TURNOVER</b>			16,801		15,896
Cost of sales			<u>12,795</u>		<u>12,081</u>
<b>GROSS PROFIT</b>			4,006		3,815
Administrative expenses			<u>3,543</u>		<u>3,267</u>
<b>GROUP OPERATING PROFIT</b>	3		463		548
Income from interest in associated undertakings	4	(32)		-	
Interest receivable and similar income		5		-	
Other finance income	23	<u>319</u>			
			<u>292</u>		<u>-</u>
			755		548
Interest payable and similar charges	5	49		44	
Other finance costs	23	<u>-</u>		<u>274</u>	
			<u>49</u>		<u>318</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			706		230
Tax on profit on ordinary activities	6		<u>313</u>		<u>121</u>
<b>PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>			<u>393</u>		<u>109</u>
Earnings per share expressed in pence per share:					
Basic	8		5.65		1.56
Diluted			<u>5.44</u>		<u>1.56</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

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31ST MARCH 2011**

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	2011 £'000	2010 £'000
<b>PROFIT FOR THE FINANCIAL YEAR</b>	393	109
Actuarial gain/(loss) on pension scheme	(124)	144
Deferred tax on pension scheme	<u>35</u>	<u>(40)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>304</u>	<u>213</u>


The notes form part of these financial statements

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**CONSOLIDATED BALANCE SHEET  
31ST MARCH 2011**

	Notes	2011 £'000	£'000	2010 £'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	9		448		657
Tangible assets	10		3,910		4,179
Investments	11		<u>149</u>		<u>5</u>
			4,507		4,841
<b>CURRENT ASSETS</b>					
Stocks	12	320		127	
Debtors	13	1,717		1,345	
Cash at bank		<u>17</u>		<u>297</u>	
		2,054		1,769	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>2,691</u>		<u>2,280</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(637)</u>		<u>(511)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,870		4,330
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(474)		(779)
<b>PROVISIONS FOR LIABILITIES</b>	20		(233)		(258)
<b>PENSION LIABILITY</b>	23		<u>(1,740)</u>		<u>(2,179)</u>
<b>NET ASSETS</b>			<u>1,423</u>		<u>1,114</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		735		735
Revaluation reserve	22		1,096		1,096
Share option reserve	22		5		-
Profit and loss account	22		<u>(413)</u>		<u>(717)</u>
<b>SHAREHOLDERS' FUNDS</b>	26		<u>1,423</u>		<u>1,114</u>

The financial statements were approved by the Board of Directors on 13 July 2011 and were signed on its behalf by:



C T Hughes  
Director

The notes form part of these financial statements

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)

COMPANY BALANCE SHEET  
31ST MARCH 2011

	Notes	2011 £'000	£'000	2010 £'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	9		-		-
Tangible assets	10		2,918		2,920
Investments	11		<u>2,419</u>		<u>2,242</u>
			5,337		5,162
<b>CURRENT ASSETS</b>					
Stocks	12	226		25	
Debtors	13	985		1,050	
Cash at bank		<u>17</u>		<u>117</u>	
		1,228		1,192	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>2,876</u>		<u>2,034</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,648)</u>		<u>(842)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,689		4,320
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(474)		(779)
<b>PROVISIONS FOR LIABILITIES</b>			(209)		(203)
<b>PENSION LIABILITY</b>			(1,740)		(2,179)
<b>NET ASSETS</b>			<u>1,266</u>		<u>1,159</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		735		735
Revaluation reserve	22		1,096		1,096
Share option reserve	22		5		-
Profit and loss account	22		<u>(570)</u>		<u>(672)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>1,266</u>		<u>1,159</u>

The financial statements were approved by the Board of Directors on 13 July 2011 and were signed on its behalf by:

  
C T Hughes  
Director

The notes form part of these financial statements



**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2011**

	Notes	2011 £'000	£'000	2010 £'000	£'000
<b>Net cash inflow from operating activities</b>	1		558		918
<b>Returns on investments and servicing of finance</b>	2		(44)		(44)
<b>Taxation</b>			10		(87)
<b>Capital expenditure</b>	2		(387)		(69)
<b>Acquisitions and disposals</b>	2		<u>(177)</u>		<u>-</u>
			(40)		718
<b>Financing</b>	2		<u>(343)</u>		<u>(549)</u>
<b>(Decrease)/Increase in cash in the period</b>			<u>(383)</u>		<u>169</u>
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
(Decrease)/Increase in cash in the period		(383)		169	
Cash outflow from decrease in debt and lease financing		<u>343</u>		<u>549</u>	
Change in net debt resulting from cash flows			(40)		718
New finance leases			<u>(157)</u>		<u>(177)</u>
<b>Movement in net debt in the period</b>			(197)		541
<b>Net debt at 1st April</b>			<u>(1,005)</u>		<u>(1,546)</u>
<b>Net debt at 31st March</b>			<u>(1,202)</u>		<u>(1,005)</u>

The notes form part of these financial statements

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2011**

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

	2011	2010
	£'000	£'000
Operating profit	463	548
Depreciation charges	1,039	942
Profit on disposal of fixed assets	(17)	(16)
Share options granted	5	-
(Increase)/Decrease in stocks	(193)	20
(Increase)/Decrease in debtors	(371)	127
Increase/ (Decrease) in creditors	112	(72)
Difference between pension charge and cash contributions	<u>(480)</u>	<u>(631)</u>
<b>Net cash inflow from operating activities</b>	<b><u>558</u></b>	<b><u>918</u></b>

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

	2011	2010
	£'000	£'000
<b>Returns on investments and servicing of finance</b>		
Interest received	5	-
Interest paid	(5)	(3)
Interest element of finance lease payments	<u>(44)</u>	<u>(41)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(44)</u></b>	<b><u>(44)</u></b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(405)	(94)
Sale of tangible fixed assets	<u>18</u>	<u>25</u>
<b>Net cash outflow for capital expenditure</b>	<b><u>(387)</u></b>	<b><u>(69)</u></b>
<b>Acquisitions and disposals</b>		
Investment in associate	<u>(177)</u>	<u>-</u>
<b>Net cash outflow for acquisitions and disposals</b>	<b><u>(177)</u></b>	<b><u>-</u></b>
<b>Financing</b>		
New loans in year	200	-
Capital repayments in year	<u>(543)</u>	<u>(549)</u>
<b>Net cash outflow from financing</b>	<b><u>(343)</u></b>	<b><u>(549)</u></b>

The notes form part of these financial statements

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)

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

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.10 £'000	Cash flow £'000	Other non-cash changes £'000	At 31.3.11 £'000
Net cash:				
Cash at bank	297	(280)		17
Bank overdraft	<u>-</u>	<u>(103)</u>		<u>(103)</u>
	<u>297</u>	<u>(383)</u>		<u>(86)</u>
Debt:				
Finance leases	(1,302)	543	(157)	(916)
Debts falling due within one year	<u>-</u>	<u>(200)</u>	<u>-</u>	<u>(200)</u>
	<u>(1,302)</u>	<u>343</u>	<u>(157)</u>	<u>(1,116)</u>
Total	<u>(1,005)</u>	<u>(40)</u>	<u>(157)</u>	<u>(1,202)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2011

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1. ACCOUNTING POLICIES

**Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

**Basis of consolidation**

The financial statements consolidate the financial statements of National Milk Records plc and all its subsidiary undertakings, together with the group's share of interests in associates made up to 31 March each year. They are prepared using uniform accounting policies. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation.

**Turnover**

Turnover is stated net of value added tax and trade discounts and represents amounts invoiced to third parties. Turnover is attributable to the supply of services to the agricultural market.

All turnover is derived from ordinary activities and has arisen within the United Kingdom.

**Goodwill**

Following the introduction of FRS 10, goodwill arising on consolidation, being the difference between the fair value of the consideration paid and the aggregate of the fair values of the separable net assets acquired, is capitalised and amortised over its useful economic life up to a maximum of 10 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

**Tangible fixed assets**

All fixed assets are recorded at cost or valuation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, evenly over its expected useful life, as follows:

Freehold buildings	- 2.5%
Leasehold buildings	- 20% - 33%
Computer equipment and machinery	- 10% - 33%
Motor vehicles	- 25%

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

A full valuation of all freehold properties is carried out every five years and interim valuations are carried out as required. Surpluses arising from the professional valuations of properties are taken directly to the revaluation reserve.

**Stocks**

Stock is stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

**Deferred tax**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Fixed asset investments**

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

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

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1. ACCOUNTING POLICIES - continued

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

**Pension costs and other post-retirement benefits**

The group operated both a defined benefit pension scheme and a defined contribution scheme. The assets of the schemes are held separately from those of the group. The group decided to move the defined benefit scheme to a defined contribution scheme during 2007. In order to avoid triggering a debt event within the scheme, the group has two active members both of whom are members of the Board.

Defined benefit pension scheme assets are measured using market value. Associated pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Pension costs are recognised on a systematic basis in order to match the costs of providing retirement benefits evenly over the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities is allocated over the remaining service lives of current employees.

Contributions to the defined contribution schemes are expensed in the profit and loss account in the period in which they become payable.

**Treasury policy**

The group holds financial instruments for two principal purposes: to finance its working capital requirements and to manage the interest risks arising from its sources of finance. The group finances its operation by a mixture of short term overdrafts and finance leases. The group borrows exclusively in Sterling with the majority of its debt being at fixed rates of interest.

The main risk arising from the groups financial instruments are liquidity and interest rate risk. These risks, and the policies to manage them, are summarised below. These policies have remained unchanged this year. The group does not enter into speculative derivative contracts.

**Interest rate risk**

The group manages its interest rate risk primarily through the use of fixed rate finance leases, matched against the assets being acquired. It does, however, have a floating rate overdraft facility to manage day-to-day working capital requirements. Interest is expensed through the profit and loss account on an accruals basis.

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2011**

**1. ACCOUNTING POLICIES - continued**

**Liquidity and refinancing risk**

The group's objective is to produce continuity of funding at a reasonable cost. To do this it seeks to arrange committed funding that matches the assets or working capital it is designed to fund. Funding comes from a limited number of providers.

**Share options**

The Company issues equity-settled share options to Group employees. Equity-settled share options are measured at fair value at the date of grant using an option pricing model. The fair value is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will actually vest.

**2. STAFF COSTS**

	2011	2010
	£'000	£'000
Wages and salaries	5,791	5,761
Social security costs	498	494
Other pension costs	<u>224</u>	<u>118</u>
	<u>6,513</u>	<u>6,373</u>

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

	2011	2010
Field staff	61	62
Administration staff	<u>223</u>	<u>221</u>
	<u>284</u>	<u>283</u>

**3. OPERATING PROFIT**

The operating profit is stated after charging/ (crediting):

	2011	2010
	£'000	£'000
Depreciation - owned assets	436	335
Depreciation - assets on finance leases	393	402
Profit on disposal of fixed assets	(17)	(16)
Goodwill amortisation	210	204
Auditors' remuneration - Audit services	32	31
Auditors' remuneration - Other services relating to taxation	4	4
Auditors' remuneration - All other services	1	-
Foreign exchange differences	<u>1</u>	<u>1</u>

	2011	2010
	£	£
Directors' remuneration	375,665	338,205
Directors' pension contributions to money purchase schemes	<u>6,333</u>	<u>6,269</u>
Number of share options held under long term incentive schemes	<u>170,000</u>	<u>-</u>

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

Defined benefit schemes	<u>2</u>	<u>2</u>
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**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2011**

**3. OPERATING PROFIT - continued**

Information regarding the highest paid director is as follows:

	2011	2010
	£	£
Emoluments etc	<u>177,221</u>	<u>172,133</u>
Number of share options held under long term incentive schemes	<u>85,000</u>	<u>-</u>

**4. INCOME FROM INTEREST IN ASSOCIATED UNDERTAKINGS**

The financial statements include the following:

	2011	2010
	£'000	£'000
Share of pre tax profit/(loss)	<u>(32)</u>	<u>-</u>
	<u>(32)</u>	<u>-</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2011	2010
	£'000	£'000
Bank interest	5	3
Leasing	<u>44</u>	<u>41</u>
	<u>49</u>	<u>44</u>

**6. TAXATION**

**Analysis of the tax charge**

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

	2011	2010
	£'000	£'000
Current tax:		
UK corporation tax	79	-
Adjustment in respect of prior periods	<u>(12)</u>	<u>(19)</u>
Total current tax	<u>67</u>	<u>(19)</u>
Deferred tax:		
Origination and reversal of timing differences	(7)	39
Change in tax rates	(18)	-
Deferred tax on pension scheme	224	101
Deferred tax on pension scheme - change in tax rate	<u>47</u>	<u>-</u>
Total deferred tax	<u>246</u>	<u>140</u>
Tax on profit on ordinary activities	<u>313</u>	<u>121</u>

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

6. TAXATION - continued

**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:

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	<u>706</u>	<u>230</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 - 28%)	198	64
Effects of:		
Adjustments in respect of prior years	(12)	(19)
Expenses not deductible for tax purposes	94	56
Depreciation in excess of capital allowances	27	(19)
FRS17 adjustment	(224)	(101)
Losses carried forward	(9)	5
Other	<u>(7)</u>	<u>(5)</u>
Current tax charge	<u>67</u>	<u>(19)</u>

**Factors that may affect future tax charges**

The group has an unrecognised deferred tax asset of £615,409 (2010: £684,000) that relates mainly to trading losses in National Livestock Records Limited that can be set against taxable profits arising from the same trade within that company. The asset has not been recognised, as it does not satisfy the recognition criteria for deferred tax assets under FRS 19.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for the year is £285,000 (2010: £306,000).

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 £191,271 (2010 - £46,099).



**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2011**

**8. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

The shares held by the Employee Share Option Plan are deducted from total shares in arriving at the weighted average number of ordinary shares used in the earnings per share calculation.

Reconciliations are set out below.

	Earnings £'000	2011 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	393	6,954,744	5.65
<b>Effect of dilutive securities</b>			
Options	<u>-</u>	<u>270,000</u>	<u>-</u>
<b>Diluted EPS</b>			
Adjusted earnings	<u>393</u>	<u>7,224,744</u>	<u>5.44</u>

	Earnings £'000	2010 Weighted average number of shares	Per-share amount pence
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	109	6,983,429	1.56
Effect of dilutive securities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Diluted EPS</b>			
Adjusted earnings	<u>109</u>	<u>6,983,429</u>	<u>1.56</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST MARCH 2011**

**9. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Goodwill £'000</b>
<b>COST</b>	
At 1st April 2010 and 31st March 2011	<u>3,864</u>
<b>AMORTISATION</b>	
At 1st April 2010	3,206
Amortisation for year	<u>210</u>
At 31st March 2011	<u>3,416</u>
<b>NET BOOK VALUE</b>	
At 31st March 2011	<u>448</u>
At 31st March 2010	<u>658</u>

**10. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Land and buildings £'000</b>	<b>Computer equipment and machinery £'000</b>	<b>Motor vehicles £'000</b>	<b>Totals £'000</b>
<b>COST</b>				
At 1st April 2010	1,759	6,753	1,057	9,569
Additions	-	405	157	562
Disposals	<u>-</u>	<u>(225)</u>	<u>(92)</u>	<u>(317)</u>
At 31st March 2011	<u>1,759</u>	<u>6,933</u>	<u>1,122</u>	<u>9,814</u>
<b>DEPRECIATION</b>				
At 1st April 2010	208	4,443	740	5,391
Charge for year	58	571	200	829
Eliminated on disposal	<u>-</u>	<u>(225)</u>	<u>(91)</u>	<u>(316)</u>
At 31st March 2011	<u>266</u>	<u>4,789</u>	<u>849</u>	<u>5,904</u>
<b>NET BOOK VALUE</b>				
At 31st March 2011	<u>1,493</u>	<u>2,144</u>	<u>273</u>	<u>3,910</u>
At 31st March 2010	<u>1,551</u>	<u>2,310</u>	<u>317</u>	<u>4,178</u>

Included within group land and buildings are leasehold improvements with a net book value of £198,000 (2010 - £217,000).

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST MARCH 2011**

**10. TANGIBLE FIXED ASSETS - continued**

**Group**

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

	2011 £'000	2010 £'000
Cost	841	841
Aggregate depreciation	<u>228</u>	<u>209</u>

Freehold land and buildings were revalued on an open market basis in March 2011 by external Chartered Surveyors, Knight Frank.

Fixed assets, included in the above, which are held under finance leases are as follows:

	Computer equipment and machinery £'000	Motor vehicles £'000	Totals £'000
<b>COST</b>			
At 1st April 2010	1,673	1,057	2,730
Additions	-	157	157
Disposals	<u>-</u>	<u>(92)</u>	<u>(92)</u>
At 31st March 2011	<u>1,673</u>	<u>1,122</u>	<u>2,795</u>
<b>DEPRECIATION</b>			
At 1st April 2010	441	740	1,181
Charge for year	193	200	393
Eliminated on disposal	<u>-</u>	<u>(91)</u>	<u>(91)</u>
At 31st March 2011	<u>634</u>	<u>849</u>	<u>1,483</u>
<b>NET BOOK VALUE</b>			
At 31st March 2011	<u>1,039</u>	<u>273</u>	<u>1,312</u>
At 31st March 2010	<u>1,232</u>	<u>317</u>	<u>1,549</u>

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST MARCH 2011**

**10. TANGIBLE FIXED ASSETS - continued**

<b>Company</b>	<b>Land and buildings £'000</b>	<b>Computer equipment and machinery £'000</b>	<b>Motor vehicles £'000</b>	<b>Totals £'000</b>
<b>COST</b>				
At 1st April 2010	1,460	4,327	1,057	6,844
Additions	-	389	157	546
Disposals	<u>-</u>	<u>(178)</u>	<u>(92)</u>	<u>(270)</u>
At 31st March 2011	<u>1,460</u>	<u>4,538</u>	<u>1,122</u>	<u>7,120</u>
<b>DEPRECIATION</b>				
At 1st April 2010	125	3,059	740	3,924
Charge for year	31	316	200	547
Eliminated on disposal	<u>-</u>	<u>(178)</u>	<u>(91)</u>	<u>(269)</u>
At 31st March 2011	<u>156</u>	<u>3,197</u>	<u>849</u>	<u>4,202</u>
<b>NET BOOK VALUE</b>				
At 31st March 2011	<u>1,304</u>	<u>1,341</u>	<u>273</u>	<u>2,918</u>
At 31st March 2010	<u>1,335</u>	<u>1,268</u>	<u>317</u>	<u>2,920</u>

Fixed assets, included in the above, which are held under finance leases are as follows:

	<b>Computer equipment and machinery £'000</b>	<b>Motor vehicles £'000</b>	<b>Totals £'000</b>
<b>COST</b>			
At 1st April 2010	1,335	1,057	2,392
Additions	-	157	157
Disposals	<u>-</u>	<u>(92)</u>	<u>(92)</u>
At 31st March 2011	<u>1,335</u>	<u>1,122</u>	<u>2,457</u>
<b>DEPRECIATION</b>			
At 1st April 2010	301	740	1,041
Charge for year	146	200	346
Eliminated on disposal	<u>-</u>	<u>(91)</u>	<u>(91)</u>
At 31st March 2011	<u>447</u>	<u>849</u>	<u>1,296</u>
<b>NET BOOK VALUE</b>			
At 31st March 2011	<u>888</u>	<u>273</u>	<u>1,161</u>
At 31st March 2010	<u>1,034</u>	<u>317</u>	<u>1,351</u>

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)

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

11. FIXED ASSET INVESTMENTS

Group		Interest in associated undertaking £'000	Unlisted investments £'000	Totals £'000
<b>COST</b>				
At 1st April 2010		-	5	5
Additions		177	-	177
Share of post tax results		(32)	-	(32)
Exchange differences		(1)	-	(1)
At 31st March 2011		<u>144</u>	<u>5</u>	<u>149</u>
<b>NET BOOK VALUE</b>				
At 31st March 2011		<u>144</u>	<u>5</u>	<u>149</u>
At 31st March 2010		<u>-</u>	<u>5</u>	<u>5</u>
<b>Company</b>				
	Investment in subsidiary undertaking £'000	Interest in associated undertaking £'000	Unlisted investments £'000	Totals £'000
<b>COST</b>				
At 1st April 2010	5,941	-	5	5,946
Additions	-	177	-	177
At 31st March 2011	<u>5,941</u>	<u>177</u>	<u>5</u>	<u>6,123</u>
<b>PROVISIONS</b>				
At 1st April 2010 and 31st March 2011	<u>3,704</u>	-	-	<u>3,704</u>
<b>NET BOOK VALUE</b>				
At 31st March 2011	<u>2,237</u>	<u>177</u>	<u>5</u>	<u>2,419</u>
At 31st March 2010	<u>2,237</u>	-	<u>5</u>	<u>2,242</u>

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31ST MARCH 2011**

**11. FIXED ASSET INVESTMENTS - continued**

**Subsidiaries**

Entities in which the company has control and consolidates:

Name	Country of registration	Percentage of ordinary shares held	Activity
National Livestock Records Limited	England and Wales	100%	Services to the red meat industry
National Milk Laboratories Limited	Scotland	100%	Management information to the milk buying industry
Nordic Star Limited	England and Wales	100%	Dormant

**Associates**

Entities in which the company has a participating interest and incorporates on an equity accounting basis:

Name	Country of registration	Percentage of ordinary shares held	Activity
Independent Milk Laboratories	Ireland	50%	Management information to the milk buying industry

For the purposes of these financial statements the investment in Independent Milk Laboratories has been treated as an investment in an associated undertaking.

National Milk Records plc owns approximately 1% of the share capital of Uniform Agri BV.

**12. STOCKS**

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Consumables	<u>320</u>	<u>127</u>	<u>226</u>	<u>25</u>

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade debtors	1,178	959	478	329
Amounts owed by group undertakings	-	-	-	374
Prepayments and accrued income	<u>539</u>	<u>386</u>	<u>507</u>	<u>347</u>
	<u>1,717</u>	<u>1,345</u>	<u>985</u>	<u>1,050</u>

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

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**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loans and overdrafts (see note 16)	303	-	527	-
Finance leases (see note 17)	442	523	442	523
Trade creditors	501	538	433	445
Amounts owed to group undertakings	-	-	396	-
Corporation tax	79	2	-	2
Social security and other taxes	674	637	551	554
Accruals and deferred income	<u>692</u>	<u>580</u>	<u>527</u>	<u>510</u>
	<u>2,691</u>	<u>2,280</u>	<u>2,876</u>	<u>2,034</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Finance leases (see note 17)	<u>474</u>	<u>779</u>	<u>474</u>	<u>779</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts falling due within one year or on demand:				
Bank overdrafts	103	-	327	-
Bank loans	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>
	<u>303</u>	<u>-</u>	<u>527</u>	<u>-</u>

**17. OBLIGATIONS UNDER LEASING AGREEMENTS**

**Group**

	<b>Finance leases</b>	
	2011 £'000	2010 £'000
Net obligations repayable:		
Within one year	442	523
Between one and five years	<u>474</u>	<u>779</u>
	<u>916</u>	<u>1,302</u>

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**  
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**17. OBLIGATIONS UNDER LEASING AGREEMENTS - continued**

**Company**

	Finance leases	
	2011 £'000	2010 £'000
Net obligations repayable:		
Within one year	442	523
Between one and five years	<u>474</u>	<u>779</u>
	<u>916</u>	<u>1,302</u>

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

**Group**

	Land and buildings	
	2011 £'000	2010 £'000
Expiring:		
Within one year	-	156
Between one and five years	10	10
In more than five years	<u>100</u>	<u>30</u>
	<u>110</u>	<u>196</u>

**Company**

	Land and buildings	
	2011 £'000	2010 £'000
Expiring:		
Within one year	-	151
Between one and five years	10	10
In more than five years	<u>70</u>	<u>-</u>
	<u>80</u>	<u>161</u>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
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**18. SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	2011	2010
	£'000	£'000
Bank overdraft	103	-
Bank loans	200	-
Finance leases	<u>916</u>	<u>1,302</u>
	<u>1,219</u>	<u>1,302</u>

The bank loan and overdraft are secured by a fixed and floating charge over the assets and undertakings of the company and by a legal charge over the company's freehold property.

The finance lease creditor is secured on the group's vehicle fleet and the associated computer equipment and machinery held under finance lease.

**19. FINANCIAL INSTRUMENTS**

**Short term debtors and creditors**

Short term debtors and creditors have been excluded where permitted by FRS 13.

**Interest rate risk management**

	2011	2010
	£'000	£'000
Financial liabilities:		
Fixed rate	(916)	(1,302)
Floating rate	<u>(286)</u>	<u>-</u>
	<u>(1,202)</u>	<u>(1,302)</u>
Financial assets:		
Floating rate	<u>-</u>	<u>297</u>
	<u>-</u>	<u>297</u>

Floating rate financial assets and liabilities accrue interest based on short term bank rates. The weighted average fixed interest rate for financial liabilities during the year was 6.9% (2010: 6.9 %.)

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**Liquidity risk management**

The maturity profile of the group's financial (assets)/liabilities, excluding short term creditors such as trade creditors and accruals, is:

	2011 £'000	2010 £'000
Maturity:		
Less than one year	728	523
One to five years	<u>474</u>	<u>779</u>
	<u><u>1,202</u></u>	<u><u>1,302</u></u>

The group has a single overdraft facility. The amount unutilised is analysed below:

	2011 £'000	2010 £'000
Undrawn facilities:		
Expiring in less than one year	<u>450</u>	<u>450</u>
	<u><u>450</u></u>	<u><u>450</u></u>

**Fair value of financial (assets) and liabilities**

	Book value 2011 £'000	Fair value 2011 £'000	Book value 2010 £'000	Fair value 2010 £'000
Finance lease liabilities	916	916	1,302	1,302
Bank loans	200	200	-	-
Cash at bank and in hand	<u>86</u>	<u>86</u>	<u>(297)</u>	<u>(297)</u>
	<u><u>1,202</u></u>	<u><u>1,202</u></u>	<u><u>1,005</u></u>	<u><u>1,005</u></u>

All financial instruments are negotiated at arms length market rates. With the relative stability in the Group's borrowing cost, the directors believe that the book value and the fair value of the Group's financial instruments are not materially different.

**20. PROVISIONS FOR LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Deferred tax				
Accelerated capital allowances	233	259	209	203
Other	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
	<u><u>233</u></u>	<u><u>258</u></u>	<u><u>209</u></u>	<u><u>203</u></u>

**Group**

	Deferred tax £'000
Balance at 1st April 2010	258
Released to profit and loss	<u>(25)</u>
Balance at 31st March 2011	<u><u>233</u></u>

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
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**20. PROVISIONS FOR LIABILITIES - continued**

<b>Company</b>	<b>Deferred tax £'000</b>
Balance at 1st April 2010	203
Released to profit and loss	<u>6</u>
Balance at 31st March 2011	<u>209</u>

**21. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2011 £'000	2010 £'000
Number:	Class:			
7,348,329	Ordinary shares	£0.10	735	735
90	Deferred shares	£1	<u>-</u>	<u>-</u>
			<u>735</u>	<u>735</u>

During the year the company undertook a share consolidation exercise to reduce the number of minority shareholdings. On 24 November 2010 the 7,348,329 10p shares in issue were consolidated and converted into 22,963.52 shares, each with a nominal value of £32. These shares were then subdivided into 320 new ordinary shares of 10p each.

**22. RESERVES**

<b>Group</b>	Profit and loss account £'000	Revaluation reserve £'000	Share option reserve £'000	Totals £'000
At 1st April 2010	(717)	1,096	-	379
Profit for the year	393			393
Share options granted	-	-	5	5
Actuarial gains/(losses) recognised in the pension scheme	(124)	-	-	(124)
Deferred tax relating to pension liability	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>
At 31st March 2011	<u>(413)</u>	<u>1,096</u>	<u>5</u>	<u>688</u>
Profit and loss account excluding pension liability	1,327			
Pension deficit	<u>(1,740)</u>			
Profit and loss account	<u>(413)</u>			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
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22. RESERVES - continued

Company	Profit and loss account £'000	Revaluation reserve £'000	Share option reserve £'000	Totals £'000
At 1st April 2010	(672)	1,096	-	424
Profit for the year	191			191
Share options granted	-	-	5	5
Actuarial gains/(losses) recognised in the pension scheme	(124)	-	-	(124)
Deferred tax relating to pension liability	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>
At 31st March 2011	<u>(570)</u>	<u>1,096</u>	<u>5</u>	<u>531</u>
Profit and loss account excluding pension liability	1,170			
Pension deficit	<u>(1,740)</u>			
Profit and loss account	<u>(570)</u>			

£3,098,000 of the distributable reserves included in the profit and loss account above are subject to consent of the Trustees of the Milk Pension Fund prior to a dividend being paid. Consent has been obtained for this year.

23. EMPLOYEE BENEFIT OBLIGATIONS

All permanent staff were eligible for membership of The Milk Pension Fund. The Fund is of the defined benefits type, and is funded by contributions from employees and the participating employers. The principal employer of The Milk Pension Fund is Community Foods Group Limited. Together with National Milk Records plc, participating employers include, amongst others, Genus Limited.

The latest actuarial valuation of the Fund was made by a qualified actuary as at 31 March 2009 using the projected unit method. Due to the adverse economic conditions at 31 March 2009, the actuarial valuation was updated by the actuary at 31 March 2010 to take into account changes in economic conditions since 31 March 2009 such as improvements in asset values, changes in market yields and inflation.

The updated valuation at 31 March 2010 shows the market value of the Fund's assets amounted to £311.9 million. The actuarial value of the assets of the Fund was sufficient to cover 89.8% per cent of the value of the benefits that had accrued to members after allowing for assumed increases in earnings. The deficit in the Fund disclosed by the updated valuation (£35.3 million for the Fund as a whole) is being addressed by increased contributions from the participating employers.

With effect from 1 June 2007, the company closed the scheme to future accrual although two non executive directors remain as active members in order that the Group complies with the scheme rules.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31 March 2009 and updated by Barnett Waddingham to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 March 2011 (using the projected unit method). Scheme assets are stated at their market value at 31 March 2011. Contributions paid during the year amounted to £552,000 (2010: £710,000). The estimated contributions for 2011 are expected to be £552,000.

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
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**23. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2011	2010
	£'000	£'000
Present value of funded obligations	(27,163)	(27,346)
Fair value of plan assets	<u>24,812</u>	<u>24,320</u>
	(2,351)	(3,026)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	(2,351)	(3,026)
Deferred tax asset	<u>611</u>	<u>847</u>
Net liability	<u>(1,740)</u>	<u>(2,179)</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2011	2010
	£'000	£'000
Current service cost	72	74
Interest cost	1,521	1,486
Expected return	(1,840)	(1,212)
Past service cost	<u>-</u>	<u>-</u>
	<u>(247)</u>	<u>348</u>
Actual return on plan assets	<u>1,335</u>	<u>5,611</u>

The current service cost is included within administration expenses. The net impact of the interest cost and expected return on plan assets is included within other finance costs/income where appropriate.

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

	Defined benefit pension plans	
	2011	2010
	£'000	£'000
Opening defined benefit obligation	27,346	22,641
Current service cost	72	74
Interest cost	1,521	1,486
Actuarial losses/ (gains)	(381)	4,255
Benefits paid	<u>(1,395)</u>	<u>(1,110)</u>
	<u>27,163</u>	<u>27,346</u>

**NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
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**23. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	2011	2010
	£'000	£'000
Opening fair value of scheme assets	24,320	19,109
Contributions by employer	552	710
Expected return	1,840	1,212
Actuarial gains/ (losses)	(505)	4,399
Benefits paid	<u>(1,395)</u>	<u>(1,110)</u>
	<u>24,812</u>	<u>24,320</u>

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

	Defined benefit pension plans	
	2011	2010
	£'000	£'000
Actuarial gains/(losses)	<u>(124)</u>	<u>144</u>
	<u>(124)</u>	<u>144</u>
Cumulative amount of actuarial gains/(losses)	<u>(2,221)</u>	<u>(2,097)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2011	2010
Equities	59%	57%
Index linked gilts	8%	14%
Bonds	19%	19%
Property	7%	3%
Hedge funds	<u>7%</u>	<u>7%</u>
	<u>100%</u>	<u>100%</u>

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

	2011	2010
Discount rate	5.70%	5.70%
Inflation assumptions (RPI)	3.50%	3.60%
Pension increases	3.50%	3.60%
Revaluation in deferment	3.50%	3.60%
Expected return on scheme assets	7.80%	7.70%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
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23. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

The mortality assumptions used in the valuation of the defined benefit pension liabilities for the group are determined using 100% of the S1NxA series tables with the medium cohort projection based on the average year of birth of members.

The valuation of the defined benefit pension liabilities assumes members take 90% of their full tax free cash allowance (2010: 50%).

The expected return on plan assets is determined by considering the long-term returns and the balance between risk and reward on the various categories of investment assets held. Expected returns on equity and property investments reflect long-term rates of return experienced in the respective markets. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date.

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

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
<b>Defined benefit pension plans</b>					
Defined benefit obligation	(27,163)	(27,346)	(22,641)	(24,236)	(26,570)
Fair value of scheme assets	24,812	24,320	19,109	22,840	23,376
Deficit	(2,351)	(3,026)	(3,532)	(1,396)	(3,194)
Experience adjustments on scheme liabilities	(383)	1,708	521	(314)	(426)
Experience adjustments on scheme assets	(505)	4,399	(4,392)	(1,028)	(164)

Under the existing multi employer arrangement, all employers are jointly and severally liable. There are a number of debt events within the trust deed, which if triggered by any employer would result in all the employers having to repay, on demand, the deficit of the scheme. At the date these financial statements were approved, the directors are not aware of any such debt events being triggered.

Should any employer not be in a position to meet its obligation, say through administration or liquidation, the liability is shared amongst the other employers in a proportion determined by the trustee.

**Defined contribution scheme**

During the year the group made employer's contributions to the two defined contribution schemes totalling £224,000 (2010: £118,000).

24. **CONTINGENT LIABILITIES**

The group has an overdraft facility of £450,000, which is secured by a fixed and floating charge on the assets of the group. The directors do not anticipate that any material liabilities will arise.

25. **RELATED PARTY DISCLOSURES**

**Shareholders**

The company provided £11,000,000 (2010: £11,700,000) of services to its shareholders. These services were provided to shareholders in the normal course of trade and at arm's length prices. At the year end there was £100,000 owed to the company in respect of these services (2010: £275,000). Three members of the Board are also customers of National Milk Records plc. All services are provided at arm's length and are not considered material to either the group or the individuals.

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

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

**Group**

	2011 £'000	2010 £'000
Profit for the financial year	393	109
Other recognised gains and losses relating to the year (net)	(89)	104
Transfer of minority interest	-	77
Share options granted	<u>5</u>	<u>-</u>
<b>Net addition to shareholders' funds</b>	309	290
Opening shareholders' funds	<u>1,114</u>	<u>824</u>
<b>Closing shareholders' funds</b>	<u>1,423</u>	<u>1,114</u>

**Company**

	2011 £'000	2010 £'000
Profit for the financial year	191	46
Other recognised gains and losses relating to the year (net)	(89)	104
Share options granted	<u>5</u>	<u>-</u>
<b>Net addition to shareholders' funds</b>	107	150
Opening shareholders' funds	<u>1,159</u>	<u>1,009</u>
<b>Closing shareholders' funds</b>	<u>1,266</u>	<u>1,159</u>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
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**27. SHARE-BASED PAYMENT TRANSACTIONS**

The Company Share Option Plan (CSOP) was introduced in August 2010. Under the scheme the directors can grant options over shares in the company to employees of the group. Options are granted with a fixed exercise price equal to the market price of the shares under the option at the date of grant. The contractual life of the options is 10 years and options granted under the scheme will become exercisable on the third anniversary of the date of grant, subject to continuous employment.

Options were valued using the Black-Scholes option pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	12 August 2010
Share price at grant date	28.00p
Exercise price	28.00p
Number of employees	4
Shares under option	270,000
Vesting period (years)	3
Expected volatility	20%
Option life (years)	10
Expected life (years)	5
Risk free interest rate	5.0%
Fair value per option	8.16p

The expected volatility is based on historical volatility. The expected life is the average expected period to exercise. The risk free rate of return is the yield on a zero-coupon UK Government bonds of a term consistent with the assumed option life.

All options granted during the year remain outstanding at 31 March 2011. The options outstanding at 31 March 2011 have a remaining contractual life of 9.25 years and an exercise price of 28.00p. The weighted average fair value of options granted in the year was £22,032. The share price and option exercise price above equate to the weighted average exercise and share price for the period.

**28. ESOP TRUST**

The purchase of the shares owned by the Trust was funded by an interest free loan from National Milk Records plc. All expenses incurred by the Trust are settled directly by National Milk Records plc and charged in the financial statements as incurred. The trust currently holds 393,585 shares (2010: 364,900). At the year end there were 270,000 shares under option to employees (2010: Nil).

The company adopted UITF Abstract 38 "Accounting for ESOP Trusts" in 2004/5. The UITF requires the cost of shares held by ESOPs to be shown as a deduction from equity shareholders funds, whereas they were previously shown as investments in the company balance sheet. The current market value of the shares held by the ESOP's Trust is approximately £151,530.

