

REGISTERED NUMBER: 03331929 (England and Wales)

**NATIONAL MILK RECORDS PLC
REPORT OF THE DIRECTORS AND
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013**

NATIONAL MILK RECORDS PLC
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FOR THE YEAR ENDED 31ST MARCH 2013

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NATIONAL MILK RECORDS PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2013

DIRECTORS: Mr A J Warne
Mrs J L Marshall
Mr T Lloyd
Mr P Kirkham
Mr M Butcher

SECRETARY: Mr C G Nuttall

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: Gowlings (UK) LLP
15th Floor
125 Old Broad Street
London
EC2N 1AR

NATIONAL MILK RECORDS PLC
CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31ST MARCH 2013

National Milk Records plc, the ISDX-quoted leading supplier of dairy and livestock services, is pleased to announce its audited results for the year ended 31 March 2013.

Chairman's Statement

The financial year ended 31 March 2013 has been a further year of progress for NMR. We have continued to build on the strong operational foundations started in 2012 whilst delivering growth in operating profit during the year. We also continue to develop both organic and step wise growth plans and believe we have significant future opportunities for growth within the agricultural sector where market demand for efficiency and provenance is increasing.

Following last year's investment programme to develop a new operational testing site at Four Ashes, Wolverhampton the consolidation process has continued with the closure and subsequent sale of the Harrogate laboratory site for £1,500,000. This resulted in redundancy costs of £246,000 but increased our cash position substantially. The integration of operations at Four Ashes and Hillington not only delivers efficiency but also enhances services and provides significant opportunities for development such as the new pregnancy testing service.

NMR operates through three divisions, which combine to create a wide reach across the various segments of the livestock industry. National Milk Records, our core business, provides management information to farmers about individual cow performance in terms of milk quality, yield and fertility. National Milk Laboratories is an independent milk testing division for milk buyers; and National Livestock Records provides support to the red meat industry, facilitating the growing requirement for traceability in this sector.

National Milk Records ('NMR')

Milk recording remains the central service of NMR. NMR has been providing milk recording services since 1948 when in the post war era demand for food was a political imperative. The dynamics of the modern dairy market is less political but is driven by similar demands for greater production to feed a growing global population with an increasing taste for Western diets as well as the demand from UK retailers for greater food provenance.

The requirement for traditional milk recording has not changed since 1948 as farmers endeavour to improve the genetic worth and efficiency of their herds. However, the tools have improved and NMR is leading the innovation. Farmers now receive text alerts of health problems with individual cows, view daily trends in milk constituents on their smart phones and use genomic testing to forecast future productivity of a new born calf. As well as testing for diseases, which as a service is continually evolving, this year we launched a new pregnancy testing service and uptake has been solid to date. The farmer can use their milk records to demonstrate provenance of dairy products which has increased relevance following the 2013 horse meat scandal. We remain confident of further growth in both core and additional testing services.

National Milk Laboratories ('NML')

NML continues to perform strongly, testing the quality of over 95% of milk in the UK before it is sold to consumers. There is increasingly consumer demand for higher levels of food provenance, quality and safety. NML works closely with its milk buyer customers such as Dairy Crest, Arla Milk Link, First Milk and Muller Wisemans to meet these demands.

We expanded our services into the Republic of Ireland in September 2010. Our proprietary payment testing business in Ireland is marketed and delivered through Independent Milk Laboratories Limited ('iML'), a company that we have set up with Irish farming cooperative Progressive Genetics Ireland Limited. I am pleased to announce that iML is planning to be profitable and cash generative in 2013, with a number of growth projects in the pipeline.

NATIONAL MILK RECORDS PLC
CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31ST MARCH 2013

National Livestock Records ('NLR')

NLR continues to be both a source of revenue for the Group and potential future growth. Nordic Star, our ear tag distribution service, is now well established in its market place and it continues to perform well with year on year growth. Our work with the Welsh Government on The Technology, Agriculture and Greater Efficiencies Project ('TAG') has been extended for 2013. This working partnership provides us with a base from which we plan to extend our services to the wider UK sheep industry.

Financials

I am pleased to report a substantial increase in the Group's operating profit to £698,000 (2012: £507,000) on an enhanced turnover of £18,828,000 (2012: £17,881,000). Our net cash balance has increased over the 12 month period by £1,167,000. During April 2013 NMR paid off £1,003,000 of debt.

Pension

NMR is one of five participating employers in the Milk Pension Fund. The Milk Pension Fund is a joint and several final salary scheme originally set up by the Milk Marketing Board. The Milk Pension Fund is now closed to all future accrual. 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. The recent settlement of the March 2012 pension fund valuation together with the agreed recovery plan gives NMR certainty for the next three years in terms of recovery payments to the Milk Pension Fund.

Outlook

NMR Group continues to make profits and deliver on our promises to shareholders and customers. We continue to make strong progress across our diverse portfolio of services and improve the efficiency of our operations. As a leader in the field, NMR is well positioned to capture the opportunities arising from the consolidating dairy market in both the UK and abroad as well as increased emphasis on food provenance.

Finally, I would like to thank our shareholders for their continued support during the challenging economic environment. I would also like to thank all our employees for their hard work during the year. They have once again showed exceptional commitment and I am confident given their depth of knowledge and NMR's supportive environment, we will be able to continue to perform well within our markets.



Philip Kirkham
Chairman

NATIONAL MILK RECORDS PLC
CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31ST MARCH 2013

Board of Directors

The Board currently comprises one executive director and four non-executive directors, two 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 Company Secretary, 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 at the 31st March 2013 comprised Mr Kirkham, Mrs Pope 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 director.

Audit Committee

The Audit Committee at 31 March 2013 comprised Mr Lloyd 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 Mr Lloyd and Mr 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 2013: 11

Attendance of directors:

P Kirkham	-	100%
A Warne	-	100%
J Marshall	-	91%
I Smith	-	91%
T Lloyd	-	91%
S Pope	-	91%
Average % attendance	-	96%

NATIONAL MILK RECORDS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2013

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2013.

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 £821,000 (2012: £830,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The group operates a risk management system that evaluates and prioritises risks and uncertainties. This is principally a function of the Board of Directors lead by the Executive team with oversight by the Audit Committee.

There are a range of risks and uncertainties facing the group. The list below is not intended to be exhaustive and focuses 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 and competitive pressures

The Group operates in a number of different markets that are influenced by economic cycles, the health of the agricultural market, changes in Government legislation and environmental factors. These can all lead to changes in profitability of our customers and demand patterns for our products and services. The Group operates in a number of different areas and is not over reliant on any one particular market.

Through an experienced management team, high level board oversight and commitment to developing products that are focused on customers requirements, the Group addresses the risks of increased competition in developed and emerging markets and protecting and growing market share and margins in increasingly price sensitive areas. Where emerging markets are identified a joint venture business model has been used after careful selection of appropriate partners to reduce the risk associated with entering these new markets.

Finance

The Group is exposed, along with others, to the risk of failure of a third party member of the Milk Pension Fund under its joint and several terms as well as exposure to costs that result from external factors impacting the size of the pension deficit (e.g. maturity rates, investment values etc.)

This area is actively managed at Board level with appropriate external advice and agreement of actuarial valuations and deficit reduction plans with the pension trustees. Investment strategies are reviewed and the joint and several liability in the Milk Pension Fund is regularly monitored by the Board of Directors.

Other Risks

The risk of failure to attract or retain skills and experience within the Executive and Management teams is managed by external consultation on Executive and Senior Management pay levels lead by the Remuneration Committee that also monitors senior management performance.

Business continuity plans are in place for IT systems and all key locations to address the risks associated with loss of capability in these areas.

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:

NATIONAL MILK RECORDS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2013

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 2013, turnover was £18,828,000 (2012: £17,881,000), this represents a 5.3% 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 2013, gross profit was £5,446,000. This was up 10.35% from the year ended 31 March 2012 (£4,935,000). Profit before tax, excluding the effects of FRS 17 interest, was £606,000 representing a 37.7% increase on the previous year (2012 - £440,000).

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 do not recommend the payment of a dividend in relation to the year ended 31 March 2013 (2012: £154,317). For further information on dividends please see note 8. Earnings per ordinary share are disclosed in the profit and loss account.

FIXED ASSETS

Details of the group's fixed assets are in note 11 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.

NATIONAL MILK RECORDS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2013

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 2012 to the date of this report.

Mr A J Warne
Ms J L Marshall
Mr T Lloyd
Mr P Kirkham

Other changes in directors holding office are as follows:

Mr M Butcher was appointed as a director after 31st March 2013 but prior to the date of this report.

Mrs S J Pope ceased to be a director after 31st March 2013 but prior to the date of this report.

Mr H I Smith sadly passed away after 31st March 2013 but prior to the date of this report.

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.

At 31 March 2013, the group had an average of 35 days (2012: 27 days) purchases outstanding in trade creditors.

FINANCIAL INSTRUMENTS

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

- (a) to finance its operations;
to manage its exposure to interest and currency risks arising from its operations and from its
- (b) 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.

NATIONAL MILK RECORDS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2013

MAJOR INTEREST IN SHARES

On 31 March 2013 the following shareholders held an interest of 3% or more in the issued share capital of the company:

Shareholder	Shareholding	% of issued Share Capital
Financial Media Holdings Limited	2,030,064	27.63%
Hargreaves Lansdown (Nominees) Limited	467,973	6.37%
National Milk Records Trustee Company	364,800	4.96%
Forest Nominees Limited	250,000	3.4%
Harewood Nominees Limited	240,000	3.27%

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

NATIONAL MILK RECORDS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2013

AUDITORS

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'A J Warne', is written over a light grey rectangular background.

Mr A J Warne - Director

Date: 26 September 2013

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

We have audited the financial statements of National Milk Records Plc for the year ended 31st March 2013 on pages nine 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 pages six and seven, 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, the Corporate Governance 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 31st March 2013 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.

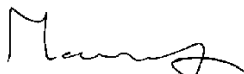
Opinion on other matter prescribed by the Companies Act 2006

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

Date: 26 September 2013

NATIONAL MILK RECORDS PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2013**

	Notes	2013 £'000	£'000	2012 £'000	£'000
TURNOVER					
Group and share of joint ventures			18,828		17,881
Less:					
Share of joint ventures' group turnover			<u>(415)</u>		<u>(344)</u>
GROUP TURNOVER			18,413		17,537
Cost of sales			<u>12,967</u>		<u>12,602</u>
GROSS PROFIT			5,446		4,935
Administrative expenses			<u>4,748</u>		<u>4,428</u>
GROUP OPERATING PROFIT	4		698		507
Share of operating loss in Joint ventures			(11)		(4)
Exceptional items:					
Profit on sale of property		243			
Costs of reorganisation		<u>(246)</u>			
			(3)		-
Interest receivable and similar income		1		3	
Other finance income	24	<u>215</u>		<u>390</u>	
			<u>216</u>		<u>393</u>
			900		896
Interest payable and similar charges	5		<u>79</u>		<u>66</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			821		830
Tax on profit on ordinary activities	6		<u>486</u>		<u>238</u>
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			<u>335</u>		<u>592</u>
Earnings per share expressed in pence per share:					
Basic	9		4.83		8.48
Diluted			<u>4.65</u>		<u>8.21</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

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST MARCH 2013**

	2013	2012
	£'000	£'000
PROFIT FOR THE FINANCIAL YEAR	335	592
Actuarial losses on pension scheme	(2,097)	(3,911)
Movement on deferred tax relating to pension scheme	482	978
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(1,280)</u>	<u>(2,341)</u>

The notes form part of these financial statements

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)

**CONSOLIDATED BALANCE SHEET
31ST MARCH 2013**

	Notes	2013		2012	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	10		31		239
Tangible assets	11		3,669		4,758
Investments	12				
Interest in joint venture					
Share of gross assets			254		224
Share of gross liabilities			(133)		(92)
			121		132
Other investments			5		5
			3,826		5,134
CURRENT ASSETS					
Stocks	13	554		802	
Debtors	14	1,821		1,576	
Cash at bank and in hand		1,303		136	
		3,678		2,514	
CREDITORS					
Amounts falling due within one year	15	2,967		2,963	
NET CURRENT ASSETS/(LIABILITIES)			711		(449)
TOTAL ASSETS LESS CURRENT LIABILITIES			4,537		4,685
CREDITORS					
Amounts falling due after more than one year	16		(1,606)		(1,481)
PROVISIONS FOR LIABILITIES	21		(185)		(211)
PENSION LIABILITY	24		(5,216)		(4,044)
NET LIABILITIES			(2,470)		(1,051)
CAPITAL AND RESERVES					
Called up share capital	22		735		735
Revaluation reserve	23		-		1,096
Share option reserve	23		20		12
Profit and loss account	23		(3,225)		(2,894)
SHAREHOLDERS' FUNDS	28		(2,470)		(1,051)

The financial statements were approved by the Board of Directors on 26 September 2013 and were signed on its behalf by:



Mr A J Warne - Director

The notes form part of these financial statements

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)

**COMPANY BALANCE SHEET
31ST MARCH 2013**

	Notes	2013		2012	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	11		2,262		3,962
Investments	12		<u>2,419</u>		<u>2,419</u>
			4,681		6,381
CURRENT ASSETS					
Stocks	13	410		677	
Debtors	14	1,830		764	
Cash at bank and in hand		<u>593</u>		<u>18</u>	
		2,833		1,459	
CREDITORS					
Amounts falling due within one year	15	<u>2,858</u>		<u>2,749</u>	
NET CURRENT LIABILITIES			<u>(25)</u>		<u>(1,290)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,656		5,091
CREDITORS					
Amounts falling due after more than one year	16		(1,606)		(1,481)
PROVISIONS FOR LIABILITIES	21		(185)		(208)
PENSION LIABILITY	24		(5,216)		(4,044)
NET LIABILITIES			<u>(2,351)</u>		<u>(642)</u>
CAPITAL AND RESERVES					
Called up share capital	22		735		735
Revaluation reserve	23		-		1,096
Share option reserve	23		20		12
Profit and loss account	23		<u>(3,106)</u>		<u>(2,485)</u>
SHAREHOLDERS' FUNDS	28		<u>(2,351)</u>		<u>(642)</u>

The financial statements were approved by the Board of Directors on 26 September 2013 and were signed on its behalf by:



Mr A J Warne - Director

The notes form part of these financial statements

NATIONAL MILK RECORDS PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2013**

	Notes	2013		2012	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	1		1,102		1,104
Returns on investments and servicing of finance	2		(78)		(63)
Taxation			(25)		(71)
Capital expenditure	2		773		(1,208)
Equity dividends paid			<u>(147)</u>		<u>(140)</u>
			1,625		(378)
Financing	2		<u>(458)</u>		<u>600</u>
Increase in cash in the period			<u>1,167</u>		<u>222</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period			1,167	222	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			<u>458</u>	<u>(600)</u>	
Change in net debt resulting from cash flows			1,625		(378)
New finance leases			<u>(284)</u>		<u>(414)</u>
Movement in net debt in the period			1,341		(792)
Net debt at 1st April			<u>(1,994)</u>		<u>(1,202)</u>
Net debt at 31st March			<u>(653)</u>		<u>(1,994)</u>

The notes form part of these financial statements

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2013**

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

	2013	2012
	£'000	£'000
Operating profit	698	507
Depreciation and amortisation charges	1,078	1,033
Profit on disposal of fixed assets	(27)	(50)
Share options granted	8	7
Adjustment for exchange loss	-	8
Decrease/(increase) in stocks	248	(482)
(Increase)/decrease in debtors	(269)	165
Increase in creditors	112	396
Difference between pension charge and cash contributions	(500)	(480)
Exceptional item: Costs of reorganisation	(246)	-
Net cash inflow from operating activities	<u>1,102</u>	<u>1,104</u>

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

	2013	2012
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	1	3
Interest paid	(74)	(21)
Interest element of finance lease payments	(5)	(45)
Net cash outflow for returns on investments and servicing of finance	<u>(78)</u>	<u>(63)</u>
Capital expenditure		
Purchase of tangible fixed assets	(1,421)	(1,272)
Sale of tangible fixed assets	694	64
Exceptional item: Disposal of property	1,500	-
Net cash inflow/(outflow) for capital expenditure	<u>773</u>	<u>(1,208)</u>
Financing		
New loans in year	-	1,074
Loan repayments in year	(73)	-
Capital repayments in year	(385)	(474)
Net cash (outflow)/inflow from financing	<u>(458)</u>	<u>600</u>

The notes form part of these financial statements

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2013**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.12 £'000	Cash flow £'000	Other non-cash changes £'000	At 31.3.13 £'000
Net cash:				
Cash at bank and in hand	<u>136</u>	<u>1,167</u>		<u>1,303</u>
	<u>136</u>	<u>1,167</u>		<u>1,303</u>
Debt:				
Finance leases	(856)	385	(284)	(755)
Debts falling due within one year	(273)	-	-	(273)
Debts falling due after one year	<u>(1,001)</u>	<u>-</u>	<u>73</u>	<u>(928)</u>
	<u>(2,130)</u>	<u>458</u>	<u>(284)</u>	<u>(1,956)</u>
Total	<u>(1,994)</u>	<u>1,625</u>	<u>(284)</u>	<u>(653)</u>

NATIONAL MILK RECORDS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

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 and joint ventures 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.

Going Concern

The Group's business activities, together with the factors which may impact its activities, are described on pages 17 - 39. These notes to the financial statements fully describe the Group's policies and processes for managing financial risk, including details of its financial assets and liabilities.

Despite the Defined Benefit Pension scheme liability included in the Group's balance sheet the Directors have assessed that there is no material uncertainty surrounding the Group's ability to continue in operational existence for the foreseeable future on the basis of its financial strength in all other areas.

The accounts have therefore been prepared on a going concern basis.

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.

NATIONAL MILK RECORDS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2013

1. ACCOUNTING POLICIES - continued

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.

Research and development

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

Fixed asset investments

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

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.

The results of the overseas Joint Ventures are translated at the average annual exchange rate for turnover and profits. The balance sheet of overseas Joint Ventures are translated at year end exchange rates. The resulting exchange differences are dealt with through reserves.

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.

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

1. ACCOUNTING POLICIES - continued

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 group's 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.

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 a bespoke 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

	2013	2012
	£'000	£'000
Wages and salaries	6,194	6,021
Social security costs	516	518
Other pension costs	316	302
	<u>7,026</u>	<u>6,841</u>

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

	2013	2012
Field staff	67	62
Administration staff	225	231
	<u>292</u>	<u>293</u>

3. DIRECTORS' EMOLUMENTS

	2013	2012
	£	£
Directors' remuneration	213,770	292,583
Directors' pension contributions to money purchase schemes	16,565	17,250
	<u>229,335</u>	<u>309,833</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
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NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

3. DIRECTORS' EMOLUMENTS - continued

Information regarding the highest paid director is as follows:

	2013	2012
	£	£
Emoluments etc	132,259	164,700
Pension contributions to money purchase schemes	<u>13,296</u>	<u>13,044</u>

4. OPERATING PROFIT

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

	2013	2012
	£'000	£'000
Depreciation - owned assets	517	437
Depreciation - assets on finance leases	353	387
Profit on disposal of fixed assets	(27)	(50)
Goodwill amortisation	208	209
Auditors' remuneration - Audit services	41	40
Auditors' remuneration - Taxation compliance services	2	3
Foreign exchange differences	<u>-</u>	<u>8</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£'000	£'000
Bank interest	9	8
Bank loan interest	35	13
Leasing	<u>35</u>	<u>45</u>
	<u>79</u>	<u>66</u>

6. TAXATION

Analysis of the tax charge

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

	2013	2012
	£'000	£'000
Current tax:		
UK corporation tax	240	67
Adjustment in respect of prior periods	<u>-</u>	<u>(50)</u>
Total current tax	<u>240</u>	<u>17</u>
Deferred tax:		
Origination and reversal of timing differences	(9)	(13)
Change in tax rates	(17)	(8)
Deferred tax on pension scheme	164	218
Deferred tax on pension scheme - change in tax rate	<u>108</u>	<u>24</u>
Total deferred tax	<u>246</u>	<u>221</u>
Tax on profit on ordinary activities	<u>486</u>	<u>238</u>

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

6. TAXATION - continued

Factors affecting the tax charge

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

	2013	2012
	£'000	£'000
Profit on ordinary activities before tax	<u>821</u>	<u>830</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 - 26%)	197	216
Effects of:		
Expenses not deductible for tax purposes	52	65
Depreciation in excess of capital allowances	45	27
Utilisation of tax losses	(19)	(7)
Adjustments to tax charge in respect of previous periods	-	(50)
FRS17 adjustment	(172)	(226)
Marginal relief/benefits of lower rates	(4)	(8)
Non trading profits	(55)	-
Capital gains	<u>196</u>	<u>-</u>
Current tax charge	<u>240</u>	<u>17</u>

Factors that may affect future tax charges

The group has an unrecognised deferred tax asset of £531,000 (2012: £596,000) 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.

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 £44,000 (2012 - £1,159,000).

8. DIVIDENDS

	2013	2012
	£'000	£'000
Ordinary shares of £0.10 each		
Interim	<u>147</u>	<u>140</u>

National Milk Records Trustee Company Limited waived its right to receive the dividend due on its shareholding.

In September 2011 a dividend of 2 pence per share was paid to the shareholders of the company with the exception of the National Milk Records Trustee Company Limited. The total dividend amounted to £140,000 of which £2,324 was paid to directors with a 1.58% shareholding. This dividend is considered unlawful under the Companies Act 2006.

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

8. DIVIDENDS - continued

In October 2012 a dividend of 2.1 pence per share was paid to the shareholders of the company with the exception of the National Milk Records Trustee Company Limited. The total dividend amounted to £147,000 of which £1,760 was paid to directors, or to companies in which the directors have interests, and who at the time of payment held 1.1% of the issued share capital. This dividend along with a proposed dividend for 2013 is considered unlawful under the Companies Act 2006 due to insufficient distributable reserves caused by an actuarial loss on the pension scheme.

The directors became aware of these errors in late August 2013 and sought remedial action and legal advice immediately. The directors do not plan to seek recovery of the paid dividends and will seek alternate means to rectify the position. The directors believe that the company will continue to generate distributable profits and thereby create sufficient distributable reserves over time in order to normalise the situation.

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

9. 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	2013 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	335	6,938,780	4.83
Effect of dilutive securities			
Options	-	<u>270,000</u>	-
Diluted EPS			
Adjusted earnings	<u>335</u>	<u>7,208,780</u>	<u>4.65</u>
	Earnings £'000	2012 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	592	6,938,780	8.48
Effect of dilutive securities			
Options	-	<u>270,000</u>	-
Diluted EPS			
Adjusted earnings	<u>592</u>	<u>7,208,780</u>	<u>8.21</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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £'000
COST	
At 1st April 2012 and 31st March 2013	<u>3,864</u>
AMORTISATION	
At 1st April 2012	<u>3,625</u>
Amortisation for year	<u>208</u>
At 31st March 2013	<u>3,833</u>
NET BOOK VALUE	
At 31st March 2013	<u><u>31</u></u>
At 31st March 2012	<u><u>239</u></u>

11. TANGIBLE FIXED ASSETS

Group

	Land and buildings £'000	Computer equipment and machinery £'000	Motor vehicles £'000	Totals £'000
COST				
At 1st April 2012	2,706	6,405	1,274	10,385
Additions	299	1,122	284	1,705
Disposals	<u>(1,417)</u>	<u>(2,780)</u>	<u>(226)</u>	<u>(4,423)</u>
At 31st March 2013	<u>1,588</u>	<u>4,747</u>	<u>1,332</u>	<u>7,667</u>
DEPRECIATION				
At 1st April 2012	324	4,502	801	5,627
Charge for year	109	540	221	870
Eliminated on disposal	<u>(181)</u>	<u>(2,094)</u>	<u>(224)</u>	<u>(2,499)</u>
At 31st March 2013	<u>252</u>	<u>2,948</u>	<u>798</u>	<u>3,998</u>
NET BOOK VALUE				
At 31st March 2013	<u><u>1,336</u></u>	<u><u>1,799</u></u>	<u><u>534</u></u>	<u><u>3,669</u></u>
At 31st March 2012	<u><u>2,382</u></u>	<u><u>1,903</u></u>	<u><u>473</u></u>	<u><u>4,758</u></u>

Included within group land and buildings are leasehold improvements with a net book value of £134,000 (2012 - £171,000).

Group Land and buildings also includes £250,000 of land.

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

11. TANGIBLE FIXED ASSETS - continued

Group

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
COST			
At 1st April 2012	1,175	1,274	2,449
Additions	-	284	284
Disposals	(19)	(226)	(245)
Transfer to ownership	<u>(645)</u>	<u>-</u>	<u>(645)</u>
At 31st March 2013	<u>511</u>	<u>1,332</u>	<u>1,843</u>
DEPRECIATION			
At 1st April 2012	553	801	1,354
Charge for year	132	221	353
Eliminated on disposal	(19)	(224)	(243)
Transfer to ownership	<u>(473)</u>	<u>-</u>	<u>(473)</u>
At 31st March 2013	<u>193</u>	<u>798</u>	<u>991</u>
NET BOOK VALUE			
At 31st March 2013	<u>318</u>	<u>534</u>	<u>852</u>
At 31st March 2012	<u>622</u>	<u>473</u>	<u>1,095</u>

NATIONAL MILK RECORDS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013

11. TANGIBLE FIXED ASSETS - continued

Company

	Land and buildings £'000	Computer equipment and machinery £'000	Motor vehicles £'000	Totals £'000
COST				
At 1st April 2012	2,408	3,960	1,274	7,642
Additions	298	178	284	760
Disposals	(1,417)	(2,780)	(226)	(4,423)
At 31st March 2013	<u>1,289</u>	<u>1,358</u>	<u>1,332</u>	<u>3,979</u>
DEPRECIATION				
At 1st April 2012	186	2,693	801	3,680
Charge for year	82	233	221	536
Eliminated on disposal	(181)	(2,094)	(224)	(2,499)
At 31st March 2013	<u>87</u>	<u>832</u>	<u>798</u>	<u>1,717</u>
NET BOOK VALUE				
At 31st March 2013	<u>1,202</u>	<u>526</u>	<u>534</u>	<u>2,262</u>
At 31st March 2012	<u>2,222</u>	<u>1,267</u>	<u>473</u>	<u>3,962</u>

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
COST			
At 1st April 2012	909	1,274	2,183
Additions	-	284	284
Disposals	(19)	(226)	(245)
Transfer to ownership	(421)	-	(421)
At 31st March 2013	<u>469</u>	<u>1,332</u>	<u>1,801</u>
DEPRECIATION			
At 1st April 2012	405	801	1,206
Charge for year	96	221	317
Eliminated on disposal	(19)	(224)	(243)
Transfer to ownership	(297)	-	(297)
At 31st March 2013	<u>185</u>	<u>798</u>	<u>983</u>
NET BOOK VALUE			
At 31st March 2013	<u>284</u>	<u>534</u>	<u>818</u>
At 31st March 2012	<u>504</u>	<u>473</u>	<u>977</u>

NATIONAL MILK RECORDS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013

12. **FIXED ASSET INVESTMENTS**

Group

	Interest in joint venture £'000	Unlisted investments £'000	Totals £'000
COST			
At 1st April 2012	132	5	137
Share of post tax results	<u>(11)</u>	<u>-</u>	<u>(11)</u>
At 31st March 2013	<u>121</u>	<u>5</u>	<u>126</u>
NET BOOK VALUE			
At 31st March 2013	<u>121</u>	<u>5</u>	<u>126</u>
At 31st March 2012	<u>132</u>	<u>5</u>	<u>137</u>

Company

	Investment in subsidiary undertaking £'000	Interest in joint venture £'000	Unlisted investments £'000	Totals £'000
COST				
At 1st April 2012 and 31st March 2013	<u>5,941</u>	<u>177</u>	<u>5</u>	<u>6,123</u>
PROVISIONS				
At 1st April 2012 and 31st March 2013	<u>3,704</u>	<u>-</u>	<u>-</u>	<u>3,704</u>
NET BOOK VALUE				
At 31st March 2013	<u>2,237</u>	<u>177</u>	<u>5</u>	<u>2,419</u>
At 31st March 2012	<u>2,237</u>	<u>177</u>	<u>5</u>	<u>2,419</u>

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

12. 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

Joint Ventures

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

Independent Milk Laboratories prepares accounts to 31 December. The last completed accounts are dated 31 December 2012.

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

13. STOCKS

	Group		Company	
	2013	2012	2013	2012
Consumables	<u>£'000</u> 554	<u>£'000</u> 802	<u>£'000</u> 410	<u>£'000</u> 677

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
Trade debtors	1,555	1,384	868	588
Amounts owed by group undertakings	-	-	797	28
Other debtors	-	24	-	24
Prepayments and accrued income	<u>266</u>	<u>168</u>	<u>165</u>	<u>124</u>
	<u>1,821</u>	<u>1,576</u>	<u>1,830</u>	<u>764</u>

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 17)	273	273	273	371
Finance leases (see note 18)	77	376	77	376
Trade creditors	877	934	1,143	900
Corporation tax	240	49	197	-
Social security and other taxes	766	730	630	600
Accruals and deferred income	734	601	538	502
	<u>2,967</u>	<u>2,963</u>	<u>2,858</u>	<u>2,749</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Bank loans (see note 17)	928	1,001	928	1,001
Finance leases (see note 18)	678	480	678	480
	<u>1,606</u>	<u>1,481</u>	<u>1,606</u>	<u>1,481</u>

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank overdrafts	-	-	-	98
Bank loans	273	273	273	273
	<u>273</u>	<u>273</u>	<u>273</u>	<u>371</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	73	73	73	73
Amounts falling due between two and five years:				
Bank loans - 2-5 years	855	928	855	928

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

18. OBLIGATIONS UNDER LEASING AGREEMENTS

Group	Finance leases	
	2013	2012
	£'000	£'000
Net obligations repayable:		
Within one year	77	376
Between one and five years	<u>678</u>	<u>480</u>
	<u>755</u>	<u>856</u>

Company	Finance leases	
	2013	2012
	£'000	£'000
Net obligations repayable:		
Within one year	77	376
Between one and five years	<u>678</u>	<u>480</u>
	<u>755</u>	<u>856</u>

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

Group	Land and buildings	
	2013	2012
	£'000	£'000
Expiring:		
Between one and five years	45	40
In more than five years	<u>100</u>	<u>70</u>
	<u>145</u>	<u>110</u>

Company	Land and buildings	
	2013	2012
	£'000	£'000
Expiring:		
Between one and five years	45	10
In more than five years	<u>70</u>	<u>70</u>
	<u>115</u>	<u>80</u>

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Bank overdrafts	-	-	-	98
Bank loans	1,201	1,274	1,201	1,274
Finance leases	<u>755</u>	<u>856</u>	<u>755</u>	<u>856</u>
	<u>1,956</u>	<u>2,130</u>	<u>1,956</u>	<u>2,228</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.

The group has settled £1,003,000 of its secured bank loans post year end, in doing so legal charges held over the company's freehold property have been released.

20. FINANCIAL INSTRUMENTS

Short term debtors and creditors

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

Interest rate risk management

	2013	2012
	£'000	£'000
Financial liabilities:		
Fixed rate	(755)	(856)
Floating rate	<u>(1,201)</u>	<u>(1,274)</u>
	<u>(1,956)</u>	<u>(2,130)</u>
Financial assets:		
Floating rate	<u>1,303</u>	<u>136</u>
	<u>1,303</u>	<u>136</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% (2012: 6.9%.)

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

Liquidity risk management

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

	2013	2012
	£'000	£'000
Maturity:		
Less than one year	350	649
One to five years	<u>1,606</u>	<u>1,481</u>
	<u><u>1,956</u></u>	<u><u>2,130</u></u>

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

	2013	2012
	£'000	£'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	Fair value	Book value	Fair value
	2013	2013	2012	2012
	£'000	£'000	£'000	£'000
Finance lease liabilities	755	755	856	856
Bank loans	1,201	1,201	1,274	1,274
Cash at bank and in hand	<u>(1,303)</u>	<u>(1,303)</u>	<u>(136)</u>	<u>(136)</u>
	<u><u>653</u></u>	<u><u>653</u></u>	<u><u>1,994</u></u>	<u><u>1,994</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.

21. PROVISIONS FOR LIABILITIES

	Group		Company	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Deferred tax				
Accelerated capital allowances	<u>185</u>	<u>211</u>	<u>185</u>	<u>208</u>

Group	Deferred tax
	£'000
Balance at 1st April 2012	211
Accelerated capital allowances	(9)
Changes in tax rates	<u>(17)</u>
Balance at 31st March 2013	<u><u>185</u></u>

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

21. PROVISIONS FOR LIABILITIES - continued

Company

	Deferred tax £'000
Balance at 1st April 2012	208
Accelerated capital allowances	(6)
Changes in tax rates	<u>(17)</u>
Balance at 31st March 2013	<u><u>185</u></u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2013	2012
Number:	Class:	£0.10 £1	£'000	£'000
7,348,329	Ordinary shares		735	735
90	Deferred shares		-	-
			<u><u>735</u></u>	<u><u>735</u></u>

23. RESERVES

Group

	Profit and loss account £'000	Revaluation reserve £'000	Share option reserve £'000	Totals £'000
At 1st April 2012	(2,894)	1,096	12	(1,786)
Profit for the year	335			335
Dividends	(147)			(147)
Transfer to profit and loss account	1,096	(1,096)	-	-
Share option charge	-	-	8	8
Actuarial gains/(losses) recognised in the pension scheme	(2,097)	-	-	(2,097)
Deferred tax relating to pension liability	<u>482</u>	<u>-</u>	<u>-</u>	<u>482</u>
At 31st March 2013	<u><u>(3,225)</u></u>	<u><u>-</u></u>	<u><u>20</u></u>	<u><u>(3,205)</u></u>
Profit and loss account excluding pension liability	1,991			
Pension deficit	(5,216)			
Profit and loss account	<u><u>(3,225)</u></u>			

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

23. **RESERVES - continued**

Company

	Profit and loss account £'000	Revaluation reserve £'000	Share option reserve £'000	Totals £'000
At 1st April 2012	(2,485)	1,096	12	(1,377)
Profit for the year	45			45
Dividends	(147)			(147)
Transfer to profit and loss account	1,096	(1,096)	-	-
Share option charge	-	-	8	8
Actuarial gains/(losses) recognised in the pension scheme	(2,097)	-	-	(2,097)
Deferred tax relating to pension liability	<u>482</u>	<u>-</u>	<u>-</u>	<u>482</u>
At 31st March 2013	<u>(3,106)</u>	<u>-</u>	<u>20</u>	<u>(3,086)</u>
Profit and loss account excluding pension liability	2,110			
Pension deficit	(5,216)			
Profit and loss account	<u>(3,106)</u>			

Following a capital reduction in 2004 consent of the trustees of the Milk Pension Fund is required prior to a dividend being paid out of reserves.

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

24. 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 2012 using the projected unit method.

The valuation shows the market value of the Fund's assets amounted to £312.1 million. The actuarial value of the assets of the Fund was sufficient to cover 68.9% 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 valuation as a whole was £140.5m. It is being addressed by increased contributions from the participating employers by way of an agreed recovery plan. Under this recovery plan the Group has agreed contributions due in respect of the recovery plan of:

- 1 April 2013 to 31 March 2014 - £622,000
- 1 April 2014 to 31 March 2015 - £672,000
- 1 April 2015 to 31 March 2016 - £726,000
- 1 April 2016 to 31 March 2026 - £858,000 p.a. (each year increasing annually from 1 April 2017 by 3.4% p.a.).

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 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 2013 (using the projected unit method). Scheme assets are stated at their market value at 31 March 2013. Contributions paid during the year amounted to £572,000 (2012: £552,000).

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Present value of funded obligations	(33,383)	(30,184)
Fair value of plan assets	<u>26,609</u>	<u>24,792</u>
	(6,774)	(5,392)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	(6,774)	(5,392)
Deferred tax asset	<u>1,558</u>	<u>1,348</u>
Net liability	<u>(5,216)</u>	<u>(4,044)</u>

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

24. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Current service cost	72	72
Interest cost	1,416	1,510
Expected return	(1,631)	(1,900)
	<u>(143)</u>	<u>(318)</u>
Actual return on plan assets	<u>2,721</u>	<u>874</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	
	2013	2012
	£'000	£'000
Opening defined benefit obligation	30,184	27,163
Current service cost	72	72
Interest cost	1,416	1,510
Actuarial losses/(gains)	3,187	2,885
Benefits paid	(1,476)	(1,446)
	<u>33,383</u>	<u>30,184</u>

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

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Opening fair value of scheme assets	24,792	24,812
Contributions by employer	572	552
Expected return	1,631	1,900
Actuarial gains/(losses)	1,090	(1,026)
Benefits paid	(1,476)	(1,446)
	<u>26,609</u>	<u>24,792</u>

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

24. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2013	2012
	£'000	£'000
Actuarial gains/(losses)	(2,097)	(3,911)
	<u>(2,097)</u>	<u>(3,911)</u>
Cumulative amount of actuarial gains/(losses)	<u>(8,829)</u>	<u>(6,132)</u>

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

	Defined benefit pension plans	
	2013	2012
Equities	42%	49%
Cash	2%	-
Index linked gilts	9%	9%
Bonds	16%	18%
Property	10%	7%
Hedge funds	<u>21%</u>	<u>17%</u>
	<u>100%</u>	<u>100%</u>

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

	2013	2012
Discount rate	4.20%	4.80%
Inflation assumptions (RPI)	3.30%	3.20%
LPI 5% Pension increases	3.30%	3.20%
Revaluation in deferment	3.30%	3.20%
Expected return on scheme assets	6.30%	6.70%

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 (2012: 90%).

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.

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

24. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Defined benefit pension plans					
Defined benefit obligation	(33,383)	(30,184)	(27,163)	(27,346)	(22,641)
Fair value of scheme assets	26,609	24,792	24,812	24,320	19,109
Deficit	(6,774)	(5,392)	(2,351)	(3,026)	(3,532)
Experience adjustments on scheme liabilities	45	(197)	(383)	1,708	521
Experience adjustments on scheme assets	1,090	(1,026)	(505)	4,399	(4,392)

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 £326,000 (2012: £285,000).

25. 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.

26. CAPITAL COMMITMENTS

	2013	2012
	£'000	£'000
Contracted but not provided for in the financial statements	<u> -</u>	<u> 402</u>

NATIONAL MILK RECORDS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013**

27. RELATED PARTY DISCLOSURES

Shareholders

The company provided £10,000,000 (2012: £10,000,000) 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 £50,000 owed to the company in respect of these services (2012: £50,000). 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.

During the year dividends were paid to shareholders who were also directors or entities controlled by directors as follows;

	£
Andy Warne	739.54
Trevor Lloyd	355.76
Sandra Pope	-
Janina Marshall	-
Ian Smith	138.60
Philip Kirkham	51.53
M. & R. Kirkham & Sons Ltd	474.96

Independent Milk Laboratories Ireland Limited

During the year the group traded with Independent Milk Laboratories Ireland Limited (IML). This entity is a Joint Venture investment held by NMR plc and an entity outside of the group.

At the year end the following balances arising from sales and purchases of goods and services existed with IML:

	2013	2012
	£	£
Aged debtors	175,483	-
Aged creditors	123,659	-

During the year the group traded with IML as follows:

	2013	2012
	£	£
Sales to IML	168,162	-
Purchases from IML	123,659	-

NATIONAL MILK RECORDS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2013

28. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2013	2012
	£'000	£'000
Profit for the financial year	335	592
Dividends	<u>(147)</u>	<u>(140)</u>
	188	452
Other recognised gains and losses relating to the year (net)	(1,615)	(2,933)
Share option charge	<u>8</u>	<u>7</u>
Net reduction of shareholders' funds	(1,419)	(2,474)
Opening shareholders' funds	<u>(1,051)</u>	<u>1,423</u>
Closing shareholders' funds	<u>(2,470)</u>	<u>(1,051)</u>
Company	2013	2012
	£'000	£'000
Profit for the financial year	45	1,158
Dividends	<u>(147)</u>	<u>(140)</u>
	(102)	1,018
Other recognised gains and losses relating to the year (net)	(1,615)	(2,933)
Share option charge	<u>8</u>	<u>7</u>
Net reduction of shareholders' funds	(1,709)	(1,908)
Opening shareholders' funds	<u>(642)</u>	<u>1,266</u>
Closing shareholders' funds	<u>(2,351)</u>	<u>(642)</u>

NATIONAL MILK RECORDS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST MARCH 2013

29. 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
Share under option	270,000
Vesting period	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 remain outstanding at 31 March 2013. The options outstanding at 31 March 2013 have a remaining contractual life of 7.25 years and an exercise price of 28.00p. The weighted average fair value of options granted as at 31 March 2013 was £22,032. The share price and option exercise price above equate to the weighted average exercise and share price for the period.

30. 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 409,549 shares (2012:364,800). At the year end there were 270,000 shares under option to employees (2012:270,000).

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 £169,963 (2012: £155,040).