

**COMMUNITY FOODS
GROUP LIMITED**

**REPORT AND FINANCIAL
STATEMENTS**

For the year ended
31 MARCH 2009

Company no 05618779

COMMUNITY FOODS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS

For the year ended 31 MARCH 2009

Company registration number: 05618779

Registered office: M1 Cross
Brent Terrace
London
NW2 1LT

Directors: Roger Evans OBE (Chairman)
John Gibson
Bill Henry
David Lewis
Peter Woodhams

Secretary: John Sherwood

Bankers: Bank of Scotland
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Cardiff
CF10 3YB

Barclays Commercial Bank
1 Churchill Place
London
E14 5HP

Solicitors: HBJ Gateley Wareing LLP
One Eleven
Edmond Street
Birmingham
B3 2HJ

Auditor: Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Grant Thornton House
Melton Street
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NW1 2EP

For the year ended 31 MARCH 2009

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For the year ended 31 MARCH 2009

INTRODUCTION

Overview

This past year has been one of consolidation for the group in light of the exceptional economic and adverse market conditions, impossible to predict at this time last year. Inevitably these conditions have affected our trading performance over the last year.

We have focused on reinforcing our position as a specialist food company with a broad spread of customers and suppliers and we have striven to maintain our market share against the extremes of this downturn. Our strategy for the challenging year ahead is to remain resilient, uphold our market pre-eminence and prepare for improved trading conditions in the future.

Results

The recession has made conditions especially challenging during the year due to reduced consumer spending, pressure on prices and margins, increasing cost of imports, currency changes, and customers rationalising and reducing lines. The organic sector representing 40% of our trade has experienced greater pressure as some consumers convert to standard products to save costs. Despite this we continue to benefit from excellent relations with our customers and suppliers and we have strengthened our management team to include an operations board.

Turnover for the year has increased to £51.7m from £49.4m in the previous year. Considering the numerous difficulties experienced by the sector there has been a relatively small reduction in the gross profit margin from 13.6% to 11.9%.

During the year we have taken several measures to prepare the business for the future. Day + One Limited, acquired in April 2008, is being integrated into the business and is providing the company with additional accredited packing facilities and resources for new ventures in the future.

Various cost reduction measures are taking place including improved stock management which are aimed to drive down costs in the future. Following a full review of operating processes we have invested in an updated IT system to provide improved operating efficiencies and stronger financial controls. Close attention has been given to stock levels with a significant reduction by the end of 2009 to improve working capital and to stand the group in a strong cash position.

These measures have given rise to additional operating costs in 2009 which have adversely affected the operating margins contributing to an operating loss of £307k in comparison to an operating profit of £1.8m in 2008. This is mainly due to the additional staff costs associated with the integration of Day + One, contributions to the pension fund and the short term costs of implementing the new operating systems and cost saving measures. In addition, the Board considers it prudent to impair the goodwill on acquisition of Day + One at the start of the year in light of the difficult trading year.

The directors have decided not to declare a dividend.

For the year ended 31 MARCH 2009

Pension Fund

As one of the participating employers of the Milk Pension Fund from our previous milk trading business, the future contributions to the Fund remain a major concern as the value of the Fund's assets has reduced with the downturn in the stock market. The current economic climate has severely affected the pension scheme's deficit and as such the group's share of the liability. The Board remain alert to the implications of the pension fund liabilities.

Your Board

I would like to thank my fellow directors for their commitment and support with the challenges encountered during the past year.

As part of the cost reduction measures, the number of directors on the Board has been reduced to five, as from 1 April 2009. My thanks go to the resigning directors, Malcolm Groat and Tim Powell, for their dedicated service to the Board during their periods of office. Tim remains on the Board of Community Foods Limited as its Brands Director.

Staff

The management team has responded positively to the difficult trading conditions and pressures from the marketplace. We welcome all the staff that have joined us including those through the acquisition of Day + One. I would like to thank all staff for their hard work and support for the many changes that have taken place in the last year.

The Future

Looking to the future, we will continue to consolidate and develop the group's core business in the healthy eating and ethical market sectors. The Board expects to improve operating margins following the cost reducing measures implemented in the second half of the year. Through the various measures that are being taken we remain cautiously optimistic about the long term outlook for the business and its ability to respond as the recession subsides.

Roger Evans OBE
Chairman
1 July 2009

The directors present their report together with the audited financial statements for the year ended 31 March 2009.

Principal activity

The principal activity in the year under review continued to be that of merchanting food products for retail and manufacture.

Business review

The loss for the year after taxation amounted to £918,444 (2008: £1,172,573 profit). The directors are not recommending the payment of a dividend.

As indicators of performance, revenue in Sterling terms increased by 4.7% (2008: 4.4%) and with the challenging market conditions, a gross margin of 11.9% (2008: 13.6%) was achieved.

The principal trading subsidiary, Community Foods Limited (CFL), continued to face tough market conditions during the year, particularly as a result of the weakness of Sterling and world food shortages and consequent increased prices.

Key performance indicators for CFL were:

	31 March 2009	1 April 2008
Debt cover	7.5	1.5
This divides borrowings by EBITDA (earnings before exceptional costs, interest, tax, depreciation and amortisation).		
Interest cover	2.1	23.4
This divides EBITDA by net interest paid		

The company continues to enjoy a strong asset base and relatively low gearing. Our strenuous efforts to reduce working capital have resulted in significantly lower levels of stock holding.

The directors believe that the company, as one of the leaders in the organic and wholefood sectors, continues to be strategically placed to take advantage of consumer interest in healthy eating. Opportunities to expand sales of existing products and develop new products are being pursued in the context of maintaining reasonable margins.

At the start of the year, in order to increase our packing capacity, we purchased a company that has enabled us to have a BRC grade A accredited facility. Unfortunately, due to the subsequent economic turmoil in which we operate, this new subsidiary made a modest loss during the year. The business is now trading profitably but it has been necessary to recognise an impairment charge this year.

Issue of shares

As detailed in Note 11, on 1 April 2008 the company issued 50,000 ordinary shares of £1 each as part of the consideration for acquiring Day + One Limited.

Policy on the payment of creditors

It is the group's policy to pay suppliers in accordance with agreed terms and conditions. At 31 March 2009 the group had an average of 18 days (2008: 34 days) purchases outstanding in trade creditors.

Directors

The following directors served on the Board throughout the year:

D R Evans
J Gibson
M J M Groat (resigned 31 March 2009)
W B Henry
D G Lewis
T J Powell (resigned 31 March 2009)
P J Woodhams

Financial risk management objectives and policies

The group uses various financial instruments to manage working capital which include cash, trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

The main risks arising from the group's financial instruments are currency risk, credit risk and liquidity and cash flow risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Currency risk

The group is exposed to translation and transaction foreign exchange risk.

Approximately 38% of the group's purchases of stock are transacted in US dollars. The group enters into forward exchange contracts with its bankers in order to protect the business against adverse currency movements in both £/USD and other currency pairings.

The group's financial liabilities in currencies other than sterling at 31 March 2009 amounted to £657,170 (2008: £2,097,000). Foreign exchange differences on retranslation of these liabilities are taken to the profit and loss account.

Credit risk

The group's principal financial assets are trade debtors. In order to manage this element of credit risk the management set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history.

Liquidity and cash flow risk

The group seeks to manage liquidity and cash flow risk by arranging sufficient bank borrowing and debt factor facilities, thus ensuring sufficient liquidity is available to meet foreseeable needs. Cash assets are invested safely and profitably.

The group's policy throughout the year has been to achieve this objective through management's day to day involvement in business decisions.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of 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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of 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.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

John Sherwood
Secretary
1 July 2009

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF COMMUNITY FOODS GROUP LIMITED

We have audited the financial statements of Community Foods Group Limited for the year ended 31 March 2009 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses and notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF COMMUNITY FOODS GROUP LIMITED

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31 March 2009 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 March 2009.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

LONDON
28 July 2009

Note: The maintenance and integrity of the Community Foods Group Limited website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards.

The directors have reviewed cash flow projections for the period of more than twelve months from the date of approval of these accounts and are satisfied that the group has sufficient finances to continue as a going concern. The gearing ratio is very conservative and this gives the group ready access to financial resources. Despite the disappointing 2009 results the Board are confident the business will return to profitability.

The principal accounting policies of the group have remained unchanged from the prior year and are set out below.

Basis of consolidation

The group financial statements consolidate the accounts of the company and its subsidiaries using acquisition accounting.

Goodwill

Consolidation goodwill represents the excess of purchase consideration for an acquired business over the fair value attributed to its constituent net assets. Such goodwill is capitalised in the year of acquisition and amortised over its estimated useful life subject to a maximum period of twenty years. Purchased goodwill is capitalised in the year of acquisition and amortised over its estimated useful life subject to a maximum period of ten years.

Figures for both consolidation goodwill and purchased goodwill are subjected to an impairment review at the end of the first full year following the acquisition and at other times if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Leasehold improvements	Remaining life of lease
Plant and machinery	10% per annum straight line
Motor vehicles	25% per annum reducing balance
Computer equipment	25% per annum straight line

Stocks

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

Hire purchase and similar agreements

Assets held under hire purchase and lease purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Any contract for the supply of currency at future dates that subsequently shows a significant adverse position is provided for.

Contributions to pension schemes

The group operates two pensions schemes:

Defined contribution pension scheme

The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

Defined benefit scheme

The company operates a defined benefit scheme. The company has applied the Amendment to FRS 17 Retirement Benefits which is effective for accounting periods commencing on or after 6 April 2007. The amendment to FRS 17 primarily affects disclosures in relation to defined benefit pension schemes. However for quoted securities the fair value is now taken to be the current bid price rather than the mid-market value. The service cost of pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are close to settlement) and a credit equivalent to the company's long-term expected return on assets (based on the market value of the scheme assets at the start of the period) are included in the profit and loss account under 'other finance income'. The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet, with an asset recognised to the extent that it is deemed recoverable. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses along with the differences which arise from experience or assumption changes.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Deferred revenue expenditure

Expenditure is incurred on product and packaging design. To the extent that a project is abandoned, the cost is expensed immediately. To the extent that a project has come on stream or is likely to in the near future, the cost is carried forward and amortised over 3 years. The carrying value is subject to annual review and any impairment in value is written off.

For the year ended 31 MARCH 2009

	Note	2009 £	2008 £
Turnover	1	51,696,566	49,371,504
Cost of sales		<u>(45,550,212)</u>	<u>(42,657,875)</u>
Gross profit		6,146,354	6,713,629
Operating expenses		<u>(6,069,522)</u>	(5,583,626)
Amortisation and impairment of consolidated goodwill	9	(445,778)	(189,735)
Provisions	16	<u>16,500</u>	812,658
Net administrative expenses	1	(6,498,800)	(4,960,703)
Other operating income	2	<u>45,260</u>	56,127
Operating (loss)/profit		(307,186)	1,809,053
Interest payable and similar charges	3	(253,445)	(199,719)
Interest receivable	4	39,332	154,469
Other finance costs	5	<u>(400,000)</u>	-
(Loss)/profit on ordinary activities before taxation		(921,299)	1,763,803
Tax credit/(charge) on (loss)/profit on ordinary activities	7	<u>2,855</u>	(591,230)
(Loss)/profit retained and transferred (from)/to reserves	19	<u><u>(918,444)</u></u>	<u><u>1,172,573</u></u>

All transactions arise from continuing operations.

Statement of Total Recognised Gains and Losses

	Note	2009 £	2008 £
(Loss)/profit for the financial year		(918,444)	1,172,573
Actuarial (loss)/gain	27	(8,300,000)	3,100,000
Reversal of previously restricted pension surplus	27	2,100,000	-
Pension surplus not recognised	27	-	(1,800,000)
Total recognised gains and losses for the year		<u><u>(7,118,444)</u></u>	<u><u>2,472,573</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements.

COMMUNITY FOODS GROUP LIMITED
BALANCE SHEETS

For the year ended 31 MARCH 2009

	Note	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Fixed assets					
Intangible assets	9	3,922,809	3,600,719	-	-
Tangible assets	10	472,141	407,652	-	-
Investments	11	-	-	17,388,066	17,388,066
		<u>4,394,950</u>	<u>4,008,371</u>	<u>17,388,066</u>	<u>17,388,066</u>
Current assets					
Stocks	12	11,626,332	14,504,848	-	-
Debtors	13	8,045,425	8,230,994	-	833
Cash at bank and in hand		896,877	1,430,885	888,101	801,006
		<u>20,568,634</u>	<u>24,166,727</u>	<u>888,101</u>	<u>801,839</u>
Creditors: amounts falling due within one year	14	<u>(7,061,614)</u>	<u>(9,392,823)</u>	<u>(582,956)</u>	<u>(527,730)</u>
Net current assets		<u>13,507,020</u>	<u>14,773,904</u>	<u>305,145</u>	<u>274,109</u>
Total assets less current liabilities		<u>17,901,970</u>	<u>18,782,275</u>	<u>17,693,211</u>	<u>17,662,175</u>
Creditors: amounts falling due after more than one year	15	(19,550)	(22,458)	-	-
Provisions for liabilities and charges	16	-	(15,000)	-	-
Provision for deferred taxation	17	(19,386)	(13,339)	-	-
Net pension liability	27	<u>(6,200,000)</u>	<u>-</u>	<u>(6,200,000)</u>	<u>-</u>
		<u>11,663,034</u>	<u>18,731,478</u>	<u>11,493,211</u>	<u>17,662,175</u>
Capital and reserves					
Called up share capital	18	15,149,745	15,099,745	15,149,745	15,099,745
Profit and loss account	19	<u>(3,486,711)</u>	<u>3,631,733</u>	<u>(3,656,534)</u>	<u>2,562,430</u>
Shareholders' funds	21	<u>11,663,034</u>	<u>18,731,478</u>	<u>11,493,211</u>	<u>17,662,175</u>

The financial statements were approved by the Board of Directors on 1 July 2009.

Roger Evans OBE - Chairman

David Lewis - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

COMMUNITY FOODS GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 MARCH 2009

	Note	2009 £	2008 £
Net cash inflow/(outflow) from operating activities	22	<u>1,596,558</u>	<u>(1,892,681)</u>
Returns on investments and servicing of finance			
Interest paid		(253,445)	(199,719)
Interest received		<u>39,332</u>	<u>154,469</u>
Net cash outflow from returns on investments and servicing of finance		<u>(214,113)</u>	<u>(45,250)</u>
Taxation			
UK corporation tax paid		(428,417)	(145,000)
Capital expenditure			
Purchase of tangible fixed assets	10	(90,311)	(138,887)
Sale of tangible fixed assets		<u>3,850</u>	<u>11,400</u>
Net cash outflow from capital expenditure		<u>(86,461)</u>	<u>(127,487)</u>
Acquisitions and disposals			
Purchase of subsidiary undertaking		(1,139,587)	-
Purchase of business		-	(94,516)
Net cash acquired with subsidiary undertaking		<u>20,310</u>	<u>-</u>
Net cash outflow from acquisitions and disposals		<u>(1,119,277)</u>	<u>(94,516)</u>
Financing			
Movement in short term borrowings		(376,069)	1,098,376
Movement in long term borrowings		(17,096)	-
Capital element of finance lease rentals		<u>(24,129)</u>	<u>(35,644)</u>
Net cash (outflow)/inflow from financing		<u>(417,294)</u>	<u>1,062,732</u>
Decrease in cash	24	<u>(669,004)</u>	<u>(1,242,202)</u>

For the year ended 31 MARCH 2009

1 Turnover and (loss)/profit on ordinary activities before taxation

The turnover and (loss)/profit on ordinary activities before taxation is attributable to the one principal activity of the group:

	2009 £	2008 £
An analysis of turnover by geographical location is:		
United Kingdom	44,628,179	44,007,069
Overseas - mainly Europe	7,068,387	5,364,435
	<u>51,696,566</u>	<u>49,371,504</u>

The (loss)/profit on ordinary activities before taxation is stated after:

	2009 £	2008 £
Auditor's remuneration:		
Audit services	33,500	34,600
Non-audit services	4,322	10,770
Depreciation:		
Tangible fixed assets owned	132,201	87,543
Tangible fixed assets held under lease purchase and hire purchase agreements	21,723	36,380
Amortisation of consolidation goodwill	228,141	189,735
Impairment of consolidation goodwill	217,637	-
Amortisation of purchased goodwill	10,473	-
Loss on disposal of fixed assets	8,239	1,667
Profit on disposal of fixed assets	-	(6,750)
Operating lease cost		
- plant and machinery	90,383	60,148
- property	536,490	368,721
	<u>90,383</u>	<u>60,148</u>
	<u>536,490</u>	<u>368,721</u>

Liability Limitation Agreement with the auditor

The directors propose that the group enter into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 March 2009. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements. It is intended that a resolution effective retrospectively will be proposed for approval at the next Annual General Meeting.

2 Other operating income

Other operating income mainly represents income from property rental and commissions receivable.

3 Interest payable and similar charges

	2009 £	2008 £
Loan stock and loan note interest	-	95,578
Other interest	253,445	104,141
	<u>253,445</u>	<u>199,719</u>

For the year ended 31 MARCH 2009

4 Interest receivable

	2009 £	2008 £
Bank interest receivable	23,927	154,469
Other interest receivable	15,405	-
	<u>39,332</u>	<u>154,469</u>

5 Other finance costs

	2009 £	2008 £
Expected return on pension scheme assets	6,500,000	6,700,000
Surplus not recognised (See note 27)	-	(400,000)
Interest on pension scheme liabilities	(6,900,000)	(6,300,000)
	<u>(400,000)</u>	<u>-</u>

6 Directors and employees

Staff costs during the year were as follows:

	2009 £	2008 £
Wages and salaries	3,061,552	2,195,837
Social security costs	265,663	207,533
Other pension costs	1,071,717	987,503
	<u>4,398,932</u>	<u>3,390,873</u>

Contributions of £454,572 were paid during 2009 to the defined benefit pension scheme (2008: £431,327). Details of pension contributions are included in note 27.

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

	2009 Number	2008 Number
Management and administration	33	23
Packing	59	17
Sales and handling	55	49
	<u>147</u>	<u>89</u>

For the year ended 31 MARCH 2009

Directors and employees (continued)

Remuneration in respect of directors was as follows:

	2009 £	2008 £
Emoluments	215,157	250,975
Pension contributions:		
Defined benefit	8,730	8,603
Defined contribution	302,441	256,965
	<u>526,328</u>	<u>516,543</u>

During the year three directors (2008: three) participated in a defined benefit pension scheme and three directors (2008: three) participated in a defined contribution scheme.

The remuneration of the highest paid director (excluding pension contribution) was £54,063 (2008: £89,880)

7 Tax on (loss)/profit on ordinary activities

The tax (credit)/charge is based on the (loss)/profit for the year and represents:

	2009 £	2008 £
Current tax		
United Kingdom corporation tax at 28% (2008: 30%) (credit)/charge	(1,805)	595,409
Deferred tax		
Origination and reversal of timing differences (note 17)	(1,049)	(4,179)
Adjustments in respect of prior years	(1)	-
Tax (credit)/charge on profit on ordinary activities	<u>(2,855)</u>	<u>591,230</u>

Factors affecting the tax charge for period

(Loss)/profit multiplied by the standard rate	(257,964)	529,141
The tax assessed for the period differs from the standard rate of corporation tax in the United Kingdom of 28% (2008: 30%)		

Effect of:

Amortisation and impairment of consolidation goodwill	124,818	56,920
Expenses not deductible for tax purposes	2,351	1,046
Capital allowances for the period differ from depreciation charged	1,049	4,751
Utilisation of tax losses	(938)	(1,600)
Pension deficit funding	121,161	126,318
FRS17 adjustments	-	(120,000)
Other adjustments	7,718	(1,167)
Current tax (credit)/charge for the period	<u>(1,805)</u>	<u>595,409</u>

For the year ended 31 MARCH 2009

8 Profit for the financial year attributable to the parent company

The parent company has taken advantage of the exemption from presenting its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The group profit and loss account for the year includes a loss of £18,964 (2008: £53,703 loss) that has been dealt with within the financial statements of the parent company.

9 Intangible fixed assets

Group

	Consolidation goodwill £
Cost	
At 1 April 2008	3,794,696
Acquired during the year (see note 11)	768,128
At 31 March 2009	<u>4,562,824</u>
Amortisation	
At 1 April 2008	288,493
Charge for the year	228,141
Impairment charge	217,637
At 31 March 2009	<u>734,271</u>
Net book value	
At 31 March 2009	<u><u>3,828,553</u></u>
At 31 March 2008	<u><u>3,506,203</u></u>

Goodwill arising on the acquisition of Community Foods (Holdings) Limited and Day + One Limited is being amortised over 20 years.

In view of the changed economic climate since acquisition of the subsidiary the Directors have thought it prudent in the present economic downturn to take an impairment in the carrying value of the consolidation goodwill attributed to Day + One Limited. This assessment of the carrying value of the consolidation goodwill was based on consideration of future cash flows discounted at an appropriate rate.

	Purchased goodwill £
Cost	
At 1 April 2008	94,516
Addition	10,213
At 31 March 2009	<u><u>104,729</u></u>
Amortisation	
At 1 April 2008	-
Charge for the year	10,473
At 31 March 2009	<u><u>10,473</u></u>

For the year ended 31 MARCH 2009

Intangible fixed assets (continued)

Net book value	
At 31 March 2009	<u><u>94,256</u></u>
At 31 March 2008	<u><u>94,516</u></u>

On 18 March 2008 the Group acquired the whole of the business assets of Fair Deal Trading Partnership LLP for an initial consideration of £94,516.

The initial consideration of £94,516 was satisfied in cash, plus costs of £10,213. Further cash consideration could be payable, amounting to a maximum of £30,000, dependent upon the venture's results in the two years to 31 March 2011.

Goodwill arising on the acquisition of the whole of the business assets of Fair Deal Trading Partnership LLP will be amortised over 10 years.

Summary of goodwill:	2009	2008
	£	£
Consolidation goodwill	3,828,553	3,506,203
Purchased goodwill	94,256	94,516
	<u><u>3,922,809</u></u>	<u><u>3,600,719</u></u>

10 Tangible fixed assets - Group

	Leasehold improve- ments £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 April 2008	270,366	510,089	159,594	198,576	1,138,625
Acquisition of subsidiary	14,945	368,272	7,950	22,112	413,279
Additions	-	46,265	14,950	29,096	90,311
Disposals	-	(13,535)	(26,350)	-	(39,885)
At 31 March 2009	<u><u>285,311</u></u>	<u><u>911,091</u></u>	<u><u>156,144</u></u>	<u><u>249,784</u></u>	<u><u>1,602,330</u></u>
Depreciation					
At 1 April 2008	220,682	275,530	88,519	146,242	730,973
Acquisition of subsidiary	14,192	237,943	6,535	14,418	273,088
Provided in the year	12,669	84,752	20,051	36,452	153,924
Disposals	-	(8,683)	(19,113)	-	(27,796)
At 31 March 2009	<u><u>247,543</u></u>	<u><u>589,542</u></u>	<u><u>95,992</u></u>	<u><u>197,112</u></u>	<u><u>1,130,189</u></u>
Net book value at 31 March 2009	<u><u>37,768</u></u>	<u><u>321,549</u></u>	<u><u>60,152</u></u>	<u><u>52,672</u></u>	<u><u>472,141</u></u>
Net book value at 31 March 2008	<u><u>49,684</u></u>	<u><u>234,559</u></u>	<u><u>71,075</u></u>	<u><u>52,334</u></u>	<u><u>407,652</u></u>

For the year ended 31 MARCH 2009

Tangible fixed assets - Group (continued)

Hire purchase and lease purchase agreements

Included within the net book value of £472,141 is £55,777 (2008: £64,101) relating to assets held under hire purchase and lease purchase agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements and lease purchase agreement amounted to £21,723 (2008: £36,380).

11 Investments - Company

	2008
	£
Cost	
At 31 April 2008 and at 31 March 2009	<u>17,388,066</u>

The group consists of the parent company and the following subsidiary companies all of which are wholly owned and incorporated in England and Wales.

Name	Principal activity
Community Foods (Holdings) Limited	Intermediate holding company
Community Foods Limited*	Merchanting food products for retail and manufacture
Day + One Limited*	Packer of natural and organic food products

* Held via intermediate holding company

The company holds 100% of the ordinary share capital (£2) of MMQ Trustees Limited which was incorporated on 22 July 2005 to act as a trustee for former members. MMQ Trustees Limited holds shares in the company which have been issued to former members as part of the conversion from an Industrial and Provident Society. At 31 March 2009 304,036 (2008: 308,601) shares were held in trust. MMQ Trustees Limited has not made a profit or loss in the year and has net assets of £2 and its accounts have not been included in the consolidation on the grounds of immateriality.

Subsidiary Acquisitions

On 1 April 2008 a subsidiary undertaking, Community Foods Limited, acquired the whole of the issued share capital of Day + One Limited for an initial consideration of £1,339,587 .

The initial consideration was satisfied as to £1,100,000 plus the issue of 50,000 £1 Ordinary shares in Community Foods Group Limited, plus two further cash instalments of £75,000. Cost of £39,587 were incurred as part of the acquisition.

Further cash consideration could be payable, amounting to a maximum of £50,000, dependent upon the results of Day + One Limited in the year to 31 March 2010.

For the year ended 31 MARCH 2009

Investments - Company (continued)

Extracts from the profit and loss account of Day + One Limited for the two years ended 31 March 2009 and 31 March 2008 respectively are as follows:

	2009 £	2008 £
Turnover	4,289,036	3,633,013
Operating (loss)/profit	(80,762)	99,686
(Loss)/profit before taxation	(86,379)	94,350
Taxation credit/(charge)	2,581	(19,592)
(Loss)/profit after taxation	<u>(83,798)</u>	<u>74,758</u>

The fair value of net assets of Day + One Limited at the acquisition date were:

	£
Tangible fixed assets	140,191
Stocks	366,058
Debtors	595,616
Cash at bank	60,659
Creditors (amounts falling due within one year)	(496,293)
Corporation tax	(19,373)
Creditors (amounts falling due after more than one year)	(33,303)
Deferred tax and other provisions	(42,096)
	<u>571,459</u>
Consolidation goodwill (see note 9)	768,128
	<u>1,339,587</u>

Represented by:

	£
Initial cash consideration	1,100,000
Deferred consideration	150,000
Ordinary shares in Community Foods Group Limited	50,000
Costs and stamp duty	39,587
At 31 March 2009	<u>1,339,587</u>

It has not been necessary to make any fair value adjustments to the net assets acquired.

12 Stocks

	2009 £	2008 £
Finished goods and goods for resale	<u>11,626,332</u>	<u>14,504,848</u>

For the year ended 31 MARCH 2009

13 Debtors

	Group 2009	Group 2008	Company 2009	Company 2008
	£	£	£	£
Trade debtors	7,355,939	7,899,788	-	-
Prepayments and accrued income	401,177	239,678	-	-
Other debtors	143,395	77,620	-	833
Deferred revenue expenditure	44,914	13,908	-	-
Corporation tax recoverable	100,000	-	-	-
	8,045,425	8,230,994	-	833

14 Creditors: amounts falling due within one year

	Group 2009	Group 2008	Company 2009	Company 2008
	£	£	£	£
Amounts owed to other group undertakings	-	-	94,263	39,466
Certificates of Entitlement and other amounts due to former members (note 1)	408,378	408,296	408,378	408,296
Finance facility (note 2)	3,532,397	3,908,466	-	-
Bank overdraft (note 3)	114,686	-	-	-
Trade creditors	2,239,215	3,971,801	-	7,682
Corporation tax payable	-	309,045	-	-
Other taxation and social security	90,473	78,186	8,885	72,286
Accruals and deferred income	647,540	687,115	71,430	-
Obligations under lease purchase and hire purchase agreements	28,925	29,914	-	-
	7,061,614	9,392,823	582,956	527,730

For the year ended 31 MARCH 2009

Creditors: amounts falling due within one year

Note 1 - Certificates of entitlement

Cash at bank includes £406,048 in the company (2008: £406,048) held in respect of Certificates of Entitlement and other amounts due to former members

Note 2 - Finance facility

The finance facility relates to debts factored with recourse, and is secured by a fixed and floating charge over the assets of a subsidiary company.

Note 3 - Bank overdraft

The bank facilities are secured by fixed and floating charges over the assets of subsidiary companies.

The interest rates payable on Group borrowings are at rates in a range up to UK bank base rate plus 3%. Bank overdrafts are repayable on demand and the long term loan will be fully repaid by early 2011. The finance facility is subject to six months' notice of intention to terminate.

15 Creditors: amounts falling due after more than one year

	Group 2009	Group 2008	Company 2009	Company 2008
	£	£	£	£
Bank loans	9,439	-	-	-
Hire purchase and lease purchase agreements	10,111	22,458	-	-
	19,550	22,458	-	-

16 Provisions for liabilities and charges

	Group 2009	Group 2008	Company 2009	Company 2008
	£	£	£	£
Provision against losses on forward contracts:				
At 1 April 2008	15,000	827,658	-	-
On acquisition	1,500	-	-	-
Movement in the year	(16,500)	(812,658)	-	-
At 31 March 2009	-	15,000	-	-

For the year ended 31 MARCH 2009

17 Deferred taxation

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Taxation allowances over depreciation on fixed assets at 1 April 2008	13,339	17,518	-	-
On acquisition	7,096	-	-	-
Movement in year	(1,049)	(4,179)	-	-
At 31 March 2009	<u>19,386</u>	<u>13,339</u>	<u>-</u>	<u>-</u>

There were no potential liabilities for deferred taxation not provided for at either 31 March 2009 or 31 March 2008 other than as described in note 26.

Deferred tax assets not provided for are as follows:

	2009 £	2008 £
Revenue losses	314,000	314,000
Capital losses	<u>2,063,000</u>	<u>2,063,000</u>

The deferred tax assets have not been recognised in the accounts due to the uncertainty or timing of future gains or profits against which they could be used.

18 Share capital

	2009 £	2008 £
Authorised 25,000,000 ordinary shares of £1 each	<u>25,000,000</u>	<u>25,000,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>15,149,745</u>	<u>15,099,745</u>

During the year the company issued 50,000 ordinary shares of £1 for a total consideration of £50,000 in connection with the acquisition of Day + One Limited.

For the year ended 31 MARCH 2009

19 Reserves - group

	Profit and loss account £
At 1 April 2008	3,631,733
Loss for the year	(918,444)
Actuarial loss	(6,200,000)
At 31 March 2009	<u><u>(3,486,711)</u></u>

Reserves - company

	Profit and loss account £
At 1 April 2008	2,562,430
Loss for the year	(18,964)
Actuarial loss	(6,200,000)
At 31 March 2009	<u><u>(3,656,534)</u></u>

20 Commitments under hire purchase and lease purchase agreements

Future commitments under hire purchase and lease purchase agreements are as follows:

	2009 £	2008 £
Amounts payable within one year	28,925	29,914
Amounts payable between two to five years	10,111	22,458
	<u><u>39,036</u></u>	<u><u>52,372</u></u>

21 Reconciliation of movements in shareholders' funds

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
(Loss)/profit for the year	(918,444)	1,172,573	(18,964)	(53,703)
Shares issued during the year	50,000	-	50,000	-
Actuarial (loss)/gain	(6,200,000)	1,300,000	(6,200,000)	1,300,000
Net (reduction)/addition to shareholders' funds	(7,068,444)	2,472,573	(6,168,964)	1,246,297
Opening shareholders' funds	18,731,478	16,258,905	17,662,175	16,415,878
Closing shareholders' funds	<u><u>11,663,034</u></u>	<u><u>18,731,478</u></u>	<u><u>11,493,211</u></u>	<u><u>17,662,175</u></u>

For the year ended 31 MARCH 2009

22 Net cash inflow/(outflow) from operating activities

	2009 £	2008 £
Operating (loss)/profit	(307,186)	1,809,053
Depreciation	153,924	123,923
Amortisation and impairment	456,251	189,735
Movement in stocks	3,244,574	(3,536,194)
Movement in debtors	881,185	(841,534)
Movement in creditors	(2,423,929)	1,580,077
Movement in provisions	(16,500)	(812,658)
Loss/(Profit) on disposal of fixed assets	8,239	(5,083)
Pension contributions	(400,000)	(400,000)
Net cash inflow/(outflow) from operating activities	<u>1,596,558</u>	<u>(1,892,681)</u>

23 Reconciliation of net cash flow to movement in net debt

	2009 £	2008 £
Decrease in cash in the year	(669,004)	(1,242,202)
Cash inflow/(outflow) from financing	417,294	(1,062,732)
Change in net debt arising from cash flows	(251,170)	(2,304,934)
Net cash acquired with subsidiary	20,310	-
Loans and finance leases acquired with subsidiary	(37,328)	-
Movement in the year	(268,728)	(2,304,934)
Net debt at 1 April 2008	(2,529,953)	(225,019)
Net debt at 31 March 2009	<u>(2,798,681)</u>	<u>(2,529,953)</u>

24 Analysis of changes in net debt

	At 1 April 2008 £	Acquisition £	Cash flow £	At 31 March 2009 £
Cash at bank and in hand	1,430,885	60,659	(594,667)	896,877
Overdraft	-	(40,349)	(74,337)	(114,686)
	<u>1,430,885</u>	<u>20,310</u>	<u>(669,004)</u>	<u>782,191</u>
Debt due within one year	(3,908,466)	-	376,069	(3,532,397)
Debt due after one year	-	(26,535)	17,096	(9,439)
Finance leases due within one year	(29,914)	(6,768)	7,757	(28,925)
Finance leases due after one year	(22,458)	(4,025)	16,372	(10,111)
Total	<u>(2,529,953)</u>	<u>(17,018)</u>	<u>(251,710)</u>	<u>(2,798,681)</u>

For the year ended 31 MARCH 2009

25 Capital and other commitments

At 31 March 2009, a subsidiary company had committed to expenditure of £259,000 in relation to upgrading its IT systems.

The Group had no other capital commitments at 31 March 2009 or 31 March 2008.

26 Contingent liabilities

In the past, when the Milk Marque business traded as an Industrial and Provident Society, distributions of profit were made to members of the co-operative on the basis of milk quantities traded in the previous year.

On 28 June 2000 a profit distribution was declared amounting to £20,120,000, but payment was deferred pending the outcome of the Society's fundamental restructuring.

No payments have been made and, according to Members' Resolutions of 27 September 2005 and 12 October 2005, £15,049,000 of the undistributed deferred profit distribution was capitalised into share capital of Milk Marque Limited, now Community Foods Group Limited.

The directors have an absolute power to abate or cancel any undistributed deferred profit distribution, now amounting to £5,071,000. The directors have not exercised this power and there is no present intention of doing so.

If at a future date the deferred profit distribution were ever to be abated, a tax liability would be incurred. The amount would be dependent upon the availability of tax losses to offset at the time. The maximum liability is estimated to be £1,419,880

As described in Note 9 a maximum liability of £30,000 exists in respect of a business acquired on 18 March 2008.

As described in Note 11 a maximum liability of £50,000 exists in respect of the acquisition of Day + One Limited.

There were no other contingent liabilities at 31 March 2009 or 31 March 2008.

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27 Pensions

Community Foods Group Limited participates in a UK defined benefits pension scheme, the Milk Pension Fund, which is funded by contributions from employees and participating employer companies.

The other participating employers are Genus plc, National Milk Records plc, First Milk Limited, Dairy Farmers of Britain Limited, Milk Link Limited and hauliers associated to First Milk Limited, Dairy Farmers of Britain Limited and Milk Link Limited.

The scheme's assets are held separately from the company and are administered by the Trustees and managed professionally.

Analysis of the amount charged to operating costs:

	2009 £	2008 £
Current service cost and post service benefit improvements	-	-

Analysis of the amount charged to other finance costs

Expected return on scheme assets	6,500,000	6,700,000
Surplus not recognised	-	(400,000)
Interest on scheme liabilities	<u>(6,900,000)</u>	<u>(6,300,000)</u>
	<u>(400,000)</u>	-

Analysis of the amount recognised in the statement of total recognised gains and losses

	2009 £	2008 £
Actual return less expected return on scheme assets	(20,700,000)	(6,400,000)
Change in assumptions	10,900,000	10,200,000
Pension surplus not recognised	-	(1,800,000)
Reversal of previously restricted pension surplus	2,100,000	-
Experience gains and losses arising on scheme liabilities	<u>1,500,000</u>	<u>(700,000)</u>
	<u>(6,200,000)</u>	<u>1,300,000</u>

Movement in deficit during the year

	2009 £	2008 £
Deficit in scheme at 1 April 2008	-	(1,700,000)
Movement in year:		
Service cost	-	-
Other finance costs	(400,000)	-
Actuarial (loss)/gain	(8,300,000)	1,300,000
Reversal of previously restricted pension surplus	2,100,000	-
Contributions	<u>400,000</u>	<u>400,000</u>
Deficit in scheme at 31 March 2009	<u>(6,200,000)</u>	-

The future cash contributions to the fund have been set at £105,000 per annum to fund the scheme and £329,000 per annum in respect of the fund's expenses. This obligation is set for the next eight years but will be reviewed on a regular basis by the Board in discussion with the Trustees of the scheme.

For the year ended 31 MARCH 2009

Pensions (continued)

The Milk Pension Fund contains several participating employers, but as at the valuation dates, there is no formal division of assets and liabilities between the employers. However for the purpose of setting contribution rates, the assets and liabilities of the Fund are notionally allocated between employers, and the FRS 17 results have been calculated on the basis of this notional division.

The value placed on the liabilities of the scheme as at 31 March 2009 is based on the actuarial valuation undertaken on 31 March 2006. The scheme assets are stated at their current bid price at 31 March 2009. The liabilities have been updated by Aon Consulting to take account of changes in economic assumptions, in accordance with FRS 17.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	2009	2008	2007
Discount rate	7.0%	6.6%	5.5% pa
Price inflation	2.9%	3.6%	3.0% pa
Salary growth	3.9%	4.6%	4.0% pa
Pension increases (except on pre 88 GMP)	2.5%	2.9%	2.5% pa

The post-retirement mortality assumptions used to value the benefit obligation at 31 March 2008 and 31 March 2009 are based on the PMA92/PFA92 tables, birth year with medium cohort improvements and mortality rates at all ages increased by 25%. The life expectancy of a male member reaching age 60 in 2009 is projected to be 25.1 years compared to 25.0 years for someone reaching 60 in 2008. The life expectancy of a female member reaching age 60 in 2009 is projected to be 27.9 years compared to 27.9 years for someone reaching 60 in 2008.

The expected rate of return on plan assets is based on 6.2% (2008: 6.4%) and is calculated as the weighted average of the expected returns on each individual asset class. The expected returns are set by reference to market indicators, including price inflation, dividend yields, economic growth, yields on index -linked gilts and bonds and interest rates.

For the year ended 31 MARCH 2009

Pensions (continued)

Details of the assets of the scheme, the expected rate of return and the resulting net pension deficit are set out below:

	2009		2008		2007	
	Expected long term rate of return %	Asset value £,000	Expected long term rate of return %	Asset value £'000	Expected long term rate of return %	Asset value £'000
Fixed interest gilts	3.8%	100	4.5%	800	4.8%	3,500
Index linked gilts	3.8%	33,200	4.5%	50,900	4.8%	51,600
Equities	8.3%	36,600	8.3%	49,200	7.8%	51,300
Bonds	7.0%	17,500	6.9%	7,900	5.5%	8,200
Cash	0.5%	1,700	5.3%	1,100	5.4%	1,200
Total market value of assets		89,100		109,900		115,800
Present value of scheme liabilities		(95,300)		(107,800)		(117,500)
(Deficit)/surplus in scheme		(6,200)		2,100		(1,700)
Related deferred tax asset		-		-		-
Pension (liability)/surplus		(6,200)		2,100		(1,700)
Irrecoverable surplus written off		-		(2,100)		-
Net pension liability		(6,200)		-		(1,700)

In compliance with the provisions of FRS 17, the actuarial scheme surplus of £2.1m at 31 March 2008 was not recognised as an asset in the company's balance sheet.

In accordance with FRS 17, £400,000 of this surplus was written off to the profit and loss account to restrict the expected return on scheme assets so that it does not exceed the interest arising on the scheme liabilities. The remaining £1.8m was treated as an actuarial loss and written off to the statement of recognised gains and losses.

In the year to 31 March 2009 the previously restricted pension asset of £2.1m was recognised. In accordance with FRS 17, this amount was recognised within the statement of recognised gains and losses.

For the year ended 31 MARCH 2009

Pensions (continued)

The history of experienced gains and losses is as follows:

	2009	2008	2007
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	(20,700)	(6,400)	(1,200)
Percentage of scheme assets (%)	(23.0%)	(6.0%)	(1.0%)
Experienced gains and losses on scheme liabilities:			
Amount (£'000)	1,500	700	400
Percentage of the present value of the scheme liabilities (%)	2.0%	(1.0%)	(0.3%)
Total amount recognised in statement of total recognised gains and losses:			
Amount (£'000)	(6,200)	1,300	(2,300)
Percentage of the present value of the scheme liabilities (%)	(6.5%)	1.2%	(2.0%)

Changes in the amounts recognised in the statement of total recognized gains and losses (STRGL):

	2009 £	2008 £
Cumulative STRGL at 1 April 2008	2,600,000	1,300,000
Actuarial (losses)/gains	(6,200,000)	1,300,000
Cumulative STRGL at 31 March 2009	<u>(3,600,000)</u>	<u>2,600,000</u>

28 Leasing commitments

The group has an annual commitment under non-cancellable operating leases which expire as follows:

	2009		2008	
	Land and buildings £	Plant and machinery £	Land and buildings £	Plant and machinery £
Between one and five years	<u>510,600</u>	<u>90,383</u>	<u>360,000</u>	<u>65,616</u>

The operating lease payments due in the 12 months after the balance sheet date are £616,937 (2008: £435,246).

29 Forward exchange contracts

As at 31 March 2009 contracts outstanding in the ordinary course of business for the future supply of foreign currency amounted to £1,967,509 (2008: £2,834,613).

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30 Transactions with directors and other related parties

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.