

REGISTERED NUMBER: 03331929 (England and Wales)

**REPORT OF THE DIRECTORS AND
AUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012
FOR
NATIONAL MILK RECORDS PLC**

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FOR THE YEAR ENDED 31ST MARCH 2012**

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NATIONAL MILK RECORDS PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2012

DIRECTORS: Mr A J Warne
Ms J L Marshall
Mr T Lloyd
Mr H I Smith
Mr P Kirkham
Mr D J Thomas
Mrs S J Pope

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: Penningtons
Abacus House
33 Gutter Lane
London
EC2V 8AR

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31ST MARCH 2012**

National Milk Records plc, the PLUS-quoted leading supplier of dairy and livestock services, is pleased to announce its audited results for the year ended 31 March 2012 and to give notice of its AGM to be held at Laches Close, Calibre Business Park, Four Ashes, Wolverhampton, WV10 7DZ on 19th September at 11.30am.

Overview

- Solid profits and increased annual dividend of 2.1 pence per share for the year whilst making substantial investments in new projects
- Working with Marks and Spencer on a new saturated fat test via subsidiary National Milk Laboratories
- Irish Joint Venture now operational with sample numbers increasing
- Focussed efficiency drives, including consolidating testing facilities at Four Ashes, to increase operating margins in the year ahead - Four Ashes has been operational since 17th June 2012
- Positive backdrop for continued growth underpinned by global food demand and increased interest in food traceability

NMR Managing Director Andy Warne said, "We are delighted to report an increased dividend of 2.1 pence per share following a highly active and profitable year for NMR. The global backdrop of increased demand for quality food combined with the need for food traceability creates favourable market conditions in the medium term. In the short term the UK milk price is creating challenging conditions for UK farmers but we remain confident that our expertise and solid financial base, combined with our diverse product range, positions NMR for a sustained period of growth."

Chairman's Statement

It has been a year of progress for NMR during which we have laid strong operational and corporate foundations for future growth whilst remaining profitable. It is crucial that we maintain our reputation for providing quality services and product innovation. With this in mind, during the previous 12 months we have invested in a range of areas to improve our services and streamline our business, the benefits of which I expect to see during 2013.

An example of our investment programme is the development of a new operational testing site at Four Ashes, Wolverhampton which will consolidate the Company's current testing facilities and lead to improved service provision and reduced operating costs. We acquired the facility for £475,000 and have invested a further £820,000 in refurbishment. The site is now operational and the consolidation process will continue into 2012/13. Our investments have not been to the detriment of our financial performance and we are pleased to report that our profits are ahead of the previous year.

NMR operates through three divisions, which combined 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 which provides support to the red meat industry, facilitating the growing requirement for traceability in this sector.

National Milk Records ('NMR')

Milk testing remains at the forefront of our business operations. In order to ensure we remain market leaders in our field we are constantly seeking ways to further improve our service and satisfy consumer demand. The addition of our Silent Herdsman™ last year, an intelligent, electronic monitoring collar designed to detect a cow's oestrus events, highlights our desire to stay ahead of the market. Turnover has increased and we are confident that the demand we have so far seen is set to increase. NMR has agreed a distribution agreement with Genus, the UK's largest bovine genetics company, to complement the coverage of NMR's own direct sales resource.

Our disease testing capabilities are a key revenue driver in the business. We continue to test herds on behalf of the majority of major UK dairy industry bodies to ensure that the quality of the milk is maintained as well as working with farmers to improve animal health. We are keen to expand our operations internationally and I look forward to providing shareholders with updates on our activity in due course.

**CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31ST MARCH 2012**

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. We have added value to this area of our business through the introduction of a new testing product to routinely differentiate between saturated and unsaturated fat. This service is being used for the first time by Marks & Spencer in order to pay their farmer suppliers based on the quantity of unsaturated fat in the milk. It also allows our customers to stay ahead of potential changes in legislation as the introduction of a 'fat tax' in some EU countries could be replicated in the UK. This form of testing will be essential for the UK dairy industry to manage this transition.

We expanded our services into southern 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. During the period iML completed its operational set up phase and continues to grow sample numbers.

National Livestock Records ('NLR')

NLR continues to be a growing source of revenue for the Group as we seek to increase traceability and efficiency in the Welsh sheep industry through our work with the Welsh Assembly Government on The Technology, Agriculture and Greater Efficiencies Project ('TAG'). This working partnership provides us with a base from which we plan to extend our services to the wider UK sheep industry. Nordic Star, our ear tag distribution service, continues to perform well.

Financials

I am pleased to report a net profit before tax and FRS 17 interest of £440,000 (2011: £387,000) on a turnover of £17,881,000 (2011: £16,801,000). Our net cash balance has increased by £222,000.

For the second year, the Board has decided to make the payment of a dividend, having taken into account existing cash flow, capital expenditure commitments, and the Company's prospects. A dividend of 2.1 pence per share is recommended to be paid on 30 September 2012 to shareholders on the register on 31 August 2012. The Ex Dividend date is 29 August. The total dividend amounts to £154,314.

Pension

We take our commitments to our pensioners and deferred pensioners seriously and we believe that our business plan will generate sufficient cash to allow us to invest in the growth of our business whilst agreeing with the Trustee a phased payment plan to meet the deficit in the fund. A new recovery plan arising from a triennial valuation of the pension fund at 31st March 2012 will be negotiated with the Milk Pension Fund trustee during 2012/13. The recovery payments for 2012/13 have already been agreed and are in line with the 2011/12 period.

Outlook

The past year has been highly successful for NMR Group as we continue to make profits and deliver on our promises to shareholders at a time when many companies are struggling due to the volatile global market. We continue to make strong progress across our diverse portfolio of services and in doing so have further strengthened our international positioning whilst securing profits. With this in mind, I believe that we have laid the right foundations for growth during the forthcoming financial year. NMR is well positioned to increase its presence in domestic and international markets, and I look forward to updating shareholders accordingly.

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

Philip Kirkham
Chairman

July 2012

**CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31ST MARCH 2012**

Board of Directors

The Board currently comprises one executive director and five 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 2012 comprised Mr Kirkham and Mrs Marshall, with Mr Smith as Chairman. Its task is to determine the remuneration and other benefits of the company's Chairman, Managing Director, and other executive directors and designated senior managers. Remuneration of the non-executive directors is determined by the Chairman and executive director. Mrs Pope joined the Remuneration committee on 25th April 2012.

Audit Committee

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

Board attendance of directors

Number of meetings in year ended 31 March 2012.

Attendance of directors:

P Kirkham	-	100%	
A Warne	-	100%	
J Marshall	-	100%	
C Hughes	-	100%	(To date of resignation)
B Thomas	-	100%	
I Smith	-	100%	
T Lloyd	-	100%	
S Pope	-	100%	
Average % attendance	-	100%	

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2012**

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2012.

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 £830,000 (2011: £706,000).

PRINCIPAL RISKS AND UNCERTAINTIES

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

Market conditions

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

Competitive pressures

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

Customers

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

FINANCIAL KEY PERFORMANCE INDICATORS

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

Turnover (growth)

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

For the year ended 31 March 2012, turnover was £17,881,000 (2011: £16,801,000), this represents a 6.4% 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 2012, gross profit was £4,935,000. This was up 23.2% from the year ended 31 March 2011 (£4,006,000). Profit before tax, excluding the effects of FRS 17 interest, was £440,000 representing a 13.7% increase on the previous year (2011 - £387,000).

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2012**

EMPLOYEE INVOLVEMENT

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

DISABLED EMPLOYEES

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

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

DIVIDENDS

The directors are pleased to recommend the payment of a dividend of 2.1 pence per ordinary share amounting to £154,317 (2011: £147,000). Earnings per ordinary share are disclosed in the profit and loss account.

FIXED ASSETS

Details of the group's fixed assets are in note 12 of the financial statements. There is no significant anticipated difference between the current book value and the market value of the freehold property in its current usage.

FUTURE DEVELOPMENTS

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

DIRECTORS

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

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

Other changes in directors holding office are as follows:

Mr C T Hughes - resigned 30th September 2011
Mrs S J Pope - appointed 22nd June 2011

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 2012, the group had an average of 27 days (2011: 21 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;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) trading purposes.

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

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2012

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISION

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

MAJOR INTEREST IN SHARES

On 31 March 2012 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	467,961	6.36%
National Milk Records Trustee Company	364,800	4.96%
Forest Nominees Limited	250,000	3.40%
Jim Nominees Limited	249,920	3.40%

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2012**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

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

ON BEHALF OF THE BOARD:



.....
Mr A J Warne - Director

Date: 10 July 2012
.....

**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 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. 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, 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 2012 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.

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

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: 10TH JULY 2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2012

	Notes	2012 £'000	£'000	2011 £'000	£'000
GROUP TURNOVER INCLUDING SHARE OF JOINT VENTURE			17,881		16,801
Less: share of joint venture turnover			<u>(344)</u>		<u>-</u>
GROUP TURNOVER			17,537		16,801
Cost of sales			<u>12,602</u>		<u>12,795</u>
GROSS PROFIT			4,935		4,006
Administrative expenses			<u>4,428</u>		<u>3,543</u>
GROUP OPERATING PROFIT	4		507		463
Share of operating profit of joint venture			<u>(4)</u>		<u>-</u>
Operating profit including joint ventures			503		463
Income from interest in associated undertakings	5		-	(32)	
Interest receivable and similar income			3	5	
Other finance income	25		<u>390</u>	<u>319</u>	
			393		292
			896		755
Interest payable and similar charges	6		<u>66</u>		<u>49</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			830		706
Tax on profit on ordinary activities	7		<u>238</u>		<u>313</u>
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP			<u>592</u>		<u>393</u>
Earnings per share expressed in pence per share:	10				
Basic			8.05		5.65
Diluted			<u>7.77</u>		<u>5.44</u>

CONTINUING OPERATIONS

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

The notes form part of these financial statements

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST MARCH 2012

	2012 £'000	2011 £'000
PROFIT FOR THE FINANCIAL YEAR	592	393
Actuarial gain/(loss) on pension scheme	(3,911)	(124)
Deferred tax on pension scheme	<u>978</u>	<u>35</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(2,341)</u>	<u>304</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31ST MARCH 2012

	Notes	2012		2011	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	11		239		448
Tangible assets	12		4,758		3,910
Investments in joint ventures					
Share of gross assets		224		-	
Share of gross liabilities		(92)		-	
Investments	13		132		-
			5		149
			5,134		4,507
CURRENT ASSETS					
Stocks	14	802		320	
Debtors	15	1,576		1,717	
Cash at bank and in hand		136		17	
		2,514		2,054	
CREDITORS					
Amounts falling due within one year	16	2,963		2,691	
NET CURRENT LIABILITIES			(449)		(637)
TOTAL ASSETS LESS CURRENT LIABILITIES			4,685		3,870
CREDITORS					
Amounts falling due after more than one year	17		(1,481)		(474)
PROVISIONS FOR LIABILITIES			(211)		(233)
PENSION LIABILITY			(4,044)		(1,740)
NET (LIABILITIES)/ASSETS			(1,051)		1,423
CAPITAL AND RESERVES					
Called up share capital	23		735		735
Revaluation reserve	24		1,096		1,096
Share option reserve	24		12		5
Profit and loss account	24		(2,894)		(413)
SHAREHOLDERS' FUNDS			(1,051)		1,423

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

10 July 2012

A J Warne

Mr A J Warne - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31ST MARCH 2012

	Notes	2012 £'000	2011 £'000
FIXED ASSETS			
Intangible assets	11	-	-
Tangible assets	12	3,962	2,918
Investments	13	<u>2,419</u>	<u>2,419</u>
		6,381	5,337
CURRENT ASSETS			
Stocks	14	677	226
Debtors	15	764	985
Cash at bank and in hand		<u>18</u>	<u>17</u>
		1,459	1,228
CREDITORS			
Amounts falling due within one year	16	<u>2,749</u>	<u>2,876</u>
NET CURRENT LIABILITIES		(1,290)	(1,648)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,091	3,689
CREDITORS			
Amounts falling due after more than one year	17	(1,481)	(474)
PROVISIONS FOR LIABILITIES	22	(208)	(209)
PENSION LIABILITY	25	(4,044)	(1,740)
NET (LIABILITIES)/ASSETS		(642)	1,266
CAPITAL AND RESERVES			
Called up share capital	23	735	735
Revaluation reserve	24	1,096	1,096
Share option reserve	24	12	5
Profit and loss account	24	(2,485)	(570)
SHAREHOLDERS' FUNDS	29	(642)	1,266

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

10 July 2012

A J Warne

Mr A J Warne - Director

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2012

	Notes	2012 £'000	£'000	2011 £'000	£'000
Net cash inflow from operating activities	1		1,104		558
Returns on investments and servicing of finance	2		(63)		(44)
Taxation			(71)		10
Capital expenditure	2		(1,208)		(387)
Acquisitions and disposals	2		-		(177)
Equity dividends paid			(140)		-
			(378)		(40)
Financing	2		600		(343)
Increase/(decrease) in cash in the period			222		(383)
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase/(decrease) in cash in the period		222		(383)	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		(600)		343	
Change in net debt resulting from cash flows			(378)		(40)
New finance leases			(414)		(157)
Movement in net debt in the period			(792)		(197)
Net debt at 1st April			(1,202)		(1,005)
Net debt at 31st March			(1,994)		(1,202)

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2012

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

	2012 £'000	2011 £'000
Operating profit	503	463
Depreciation charges	1,033	1,039
Profit on disposal of fixed assets	(50)	(17)
Share option charge	7	5
Share of Joint Venture loss	12	-
Increase in stocks	(482)	(193)
Decrease/(increase) in debtors	165	(371)
Increase in creditors	396	112
Difference between pension charge and cash contributions	<u>(480)</u>	<u>(480)</u>
Net cash inflow from operating activities	<u>1,104</u>	<u>558</u>

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

	2012 £'000	2011 £'000
Returns on investments and servicing of finance		
Interest received	3	5
Interest paid	(21)	(5)
Interest element of finance lease payments	<u>(45)</u>	<u>(44)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(63)</u>	<u>(44)</u>
Capital expenditure		
Purchase of tangible fixed assets	(1,272)	(405)
Sale of tangible fixed assets	<u>64</u>	<u>18</u>
Net cash outflow for capital expenditure	<u>(1,208)</u>	<u>(387)</u>
Acquisitions and disposals		
Investment in associate	<u>-</u>	<u>(177)</u>
Net cash outflow for acquisitions and disposals	<u>-</u>	<u>(177)</u>
Financing		
New loans in year	1,074	200
Capital repayments in year	<u>(474)</u>	<u>(543)</u>
Net cash inflow/(outflow) from financing	<u>600</u>	<u>(343)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2012

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.11 £'000	Cash flow £'000	Other non-cash changes £'000	At 31.3.12 £'000
Net cash:				
Cash at bank and in hand	17	119		136
Bank overdraft	<u>(103)</u>	<u>103</u>		<u>-</u>
	<u>(86)</u>	<u>222</u>		<u>136</u>
Debt:				
Finance leases	(916)	474	(414)	(856)
Debts falling due within one year	(200)	(73)	-	(273)
Debts falling due after one year	<u>-</u>	<u>(1,001)</u>	<u>-</u>	<u>(1,001)</u>
	<u>(1,116)</u>	<u>(600)</u>	<u>(414)</u>	<u>(2,130)</u>
Total	<u>(1,202)</u>	<u>(378)</u>	<u>(414)</u>	<u>(1,994)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012

1. **ACCOUNTING POLICIES**

Accounting convention

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

Basis of consolidation

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

Going Concern

The Group's business activities, together with the factors which may impact its activities, are described on pages 16, 17 and 29. 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.

The next full actuarial valuation of the Defined Benefit Scheme is due at 31st March 2012 and is currently underway. The results of this valuation, along with any additional contributions that may be required, will not be known until later in the year.

After making due enquiry the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and they have therefore adopted a going concern basis in preparing the accounts.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

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 an option pricing model. The fair value is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will actually vest.

2. STAFF COSTS

	2012 £'000	2011 £'000
Wages and salaries	6,021	5,791
Social security costs	518	498
Other pension costs	<u>302</u>	<u>224</u>
	<u>6,841</u>	<u>6,513</u>

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

	2012	2011
Field staff	62	61
Administration staff	<u>231</u>	<u>223</u>
	<u>293</u>	<u>284</u>

3. DIRECTORS' EMOLUMENTS

	2012 £	2011 £
Directors' remuneration	292,583	375,665
Directors' pension contributions to money purchase schemes	<u>17,250</u>	<u>6,333</u>
Number of share options held under long term incentive schemes	<u>85,000</u>	<u>170,000</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 (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

3. DIRECTORS' EMOLUMENTS - continued

Information regarding the highest paid director is as follows:

	2012	2011
	£	£
Emoluments etc	164,700	177,221
Pension contributions to money purchase schemes	<u>13,044</u>	<u>-</u>
Number of share options held under long term incentive schemes	<u>85,000</u>	<u>85,000</u>

COMPENSATION FOR LOSS OF OFFICE

During the year compensation for loss of office totalling £52,220 was paid to a former director.

Non-cash benefits with a value of £3,195 were also granted.

The former Director also retained the right to exercise 85,000 share options on the basis outlined in note 30.

4. OPERATING PROFIT

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

	2012	2011
	£'000	£'000
Depreciation - owned assets	437	436
Depreciation - assets on finance leases	387	393
Profit on disposal of fixed assets	(50)	(17)
Goodwill amortisation	209	210
Auditors' remuneration - Audit services	40	32
Auditors' remuneration - Other services relating to taxation	3	4
Auditors' remuneration - All other services	-	1
Foreign exchange differences	<u>8</u>	<u>1</u>

5. INCOME FROM INTEREST IN ASSOCIATED UNDERTAKINGS

The financial statements include the following:

	2012	2011
	£'000	£'000
Share of pre tax profit/(loss)	<u>-</u>	<u>(32)</u>
	<u>-</u>	<u>(32)</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£'000	£'000
Bank interest	8	5
Bank loan interest	13	-
Leasing	<u>45</u>	<u>44</u>
	<u>66</u>	<u>49</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

7. TAXATION

Analysis of the tax charge

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

	2012 £'000	2011 £'000
Current tax:		
UK corporation tax	67	79
Adjustment in respect of prior periods	<u>(50)</u>	<u>(12)</u>
Total current tax	<u>17</u>	<u>67</u>
Deferred tax:		
Origination and reversal of timing differences	(13)	(7)
Change in tax rates	(8)	(18)
Deferred tax on pension scheme	218	224
Deferred tax on pension scheme - change in tax rate	<u>24</u>	<u>47</u>
Total deferred tax	<u>221</u>	<u>246</u>
Tax on profit on ordinary activities	<u>238</u>	<u>313</u>

Factors affecting the tax charge

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

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	<u>830</u>	<u>706</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	216	198
Effects of:		
Expenses not deductible for tax purposes	65	94
Depreciation in excess of capital allowances	27	27
Utilisation of tax losses	(7)	-
Adjustments to tax charge in respect of previous periods	(50)	(12)
FRS17 adjustment	(226)	(224)
Losses carried forward	-	(9)
Marginal relief/benefits of lower rates	(8)	-
Other	<u>-</u>	<u>(7)</u>
Current tax charge	<u>17</u>	<u>67</u>

Factors that may affect future tax charges

The group has an unrecognised deferred tax asset of £596,308 (2011: £615,409) that relates mainly to trading losses in National Livestock Records Limited that can be set against taxable profits arising from the same trade within that company. The asset has not been recognised as it does not satisfy the recognition criteria for deferred tax assets under FRS 19.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for the year is £274,000 (2011: £285,000).

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

8. 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 £1,158,577 (2011 - £191,271).

9. DIVIDENDS

	2012	2011
	£'000	£'000
Ordinary shares shares of £0.10 each		
Interim	<u>140</u>	<u>-</u>

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

10. 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	2012	Per-share
	£'000	Weighted	amount
		average	pence
		number	
		of	
		shares	
Basic EPS			
Earnings attributable to ordinary shareholders	592	7,348,329	8.05
Effect of dilutive securities			
Options	<u>-</u>	<u>270,000</u>	<u>-</u>
Diluted EPS			
Adjusted earnings	<u>592</u>	<u>7,618,329</u>	<u>7.77</u>

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

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

10. EARNINGS PER SHARE - continued

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.

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000
COST	
At 1st April 2011	
and 31st March 2012	<u>3,864</u>
AMORTISATION	
At 1st April 2011	3,416
Amortisation for year	<u>209</u>
At 31st March 2012	<u>3,625</u>
NET BOOK VALUE	
At 31st March 2012	<u>239</u>
At 31st March 2011	<u>448</u>

12. TANGIBLE FIXED ASSETS

Group	Land and buildings £'000	Computer equipment and machinery £'000	Motor vehicles £'000	Totals £'000
COST				
At 1st April 2011	1,759	6,933	1,122	9,814
Additions	947	325	414	1,686
Disposals	<u>-</u>	<u>(853)</u>	<u>(262)</u>	<u>(1,115)</u>
At 31st March 2012	<u>2,706</u>	<u>6,405</u>	<u>1,274</u>	<u>10,385</u>
DEPRECIATION				
At 1st April 2011	266	4,789	849	5,904
Charge for year	58	558	208	824
Eliminated on disposal	<u>-</u>	<u>(845)</u>	<u>(256)</u>	<u>(1,101)</u>
At 31st March 2012	<u>324</u>	<u>4,502</u>	<u>801</u>	<u>5,627</u>
NET BOOK VALUE				
At 31st March 2012	<u>2,382</u>	<u>1,903</u>	<u>473</u>	<u>4,758</u>
At 31st March 2011	<u>1,493</u>	<u>2,144</u>	<u>273</u>	<u>3,910</u>

Included within group land and buildings are leasehold improvements with a net book value of £171,000 (2011: £198,000).

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

12. TANGIBLE FIXED ASSETS - continued

Group

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

	2012	2011
	£'000	£'000
Cost	841	841
Aggregate depreciation	<u>249</u>	<u>228</u>

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

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

	Computer equipment and machinery £'000	Motor vehicles £'000	Totals £'000
COST			
At 1st April 2011	1,673	1,122	2,795
Additions	-	414	414
Disposals	-	(262)	(262)
Transfer to ownership	<u>(498)</u>	-	<u>(498)</u>
At 31st March 2012	<u>1,175</u>	<u>1,274</u>	<u>2,449</u>
DEPRECIATION			
At 1st April 2011	634	849	1,483
Charge for year	179	208	387
Eliminated on disposal	-	(256)	(256)
Transfer to ownership	<u>(260)</u>	-	<u>(260)</u>
At 31st March 2012	<u>553</u>	<u>801</u>	<u>1,354</u>
NET BOOK VALUE			
At 31st March 2012	<u>622</u>	<u>473</u>	<u>1,095</u>
At 31st March 2011	<u>1,039</u>	<u>273</u>	<u>1,312</u>

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

12. TANGIBLE FIXED ASSETS - continued

Company	Land and buildings £'000	Computer equipment and machinery £'000	Motor vehicles £'000	Totals £'000
COST				
At 1st April 2011	1,460	4,538	1,122	7,120
Additions	948	245	414	1,607
Disposals	<u>-</u>	<u>(823)</u>	<u>(262)</u>	<u>(1,085)</u>
At 31st March 2012	<u>2,408</u>	<u>3,960</u>	<u>1,274</u>	<u>7,642</u>
DEPRECIATION				
At 1st April 2011	156	3,197	849	4,202
Charge for year	30	319	208	557
Eliminated on disposal	<u>-</u>	<u>(823)</u>	<u>(256)</u>	<u>(1,079)</u>
At 31st March 2012	<u>186</u>	<u>2,693</u>	<u>801</u>	<u>3,680</u>
NET BOOK VALUE				
At 31st March 2012	<u>2,222</u>	<u>1,267</u>	<u>473</u>	<u>3,962</u>
At 31st March 2011	<u>1,304</u>	<u>1,341</u>	<u>273</u>	<u>2,918</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 2011	1,335	1,122	2,457
Additions	-	414	414
Disposals	-	(262)	(262)
Transfer to ownership	<u>(426)</u>	<u>-</u>	<u>(426)</u>
At 31st March 2012	<u>909</u>	<u>1,274</u>	<u>2,183</u>
DEPRECIATION			
At 1st April 2011	447	849	1,296
Charge for year	146	208	354
Eliminated on disposal	-	(256)	(256)
Transfer to ownership	<u>(188)</u>	<u>-</u>	<u>(188)</u>
At 31st March 2012	<u>405</u>	<u>801</u>	<u>1,206</u>
NET BOOK VALUE			
At 31st March 2012	<u>504</u>	<u>473</u>	<u>977</u>
At 31st March 2011	<u>888</u>	<u>273</u>	<u>1,161</u>

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

13. FIXED ASSET INVESTMENTS

Group

	Interest in associated undertaking £'000	Unlisted investments £'000	Totals £'000
COST			
At 1st April 2011	144	5	149
Share of post tax results	-	-	-
Reclassification/transfer	<u>(144)</u>	<u>-</u>	<u>(144)</u>
At 31st March 2012	<u>-</u>	<u>5</u>	<u>5</u>
NET BOOK VALUE			
At 31st March 2012	<u>-</u>	<u>5</u>	<u>5</u>
At 31st March 2011	<u>144</u>	<u>5</u>	<u>149</u>

Company

	Investment in subsidiary undertaking £'000	Interest in associated undertaking £'000	Interest in joint venture £'000	Unlisted investments £'000	Totals £'000
COST					
At 1st April 2011	5,941	177	-	5	6,123
Reclassification/transfer	<u>-</u>	<u>(177)</u>	<u>177</u>	<u>-</u>	<u>-</u>
At 31st March 2012	<u>5,941</u>	<u>-</u>	<u>177</u>	<u>5</u>	<u>6,123</u>
PROVISIONS					
At 1st April 2011 and 31st March 2012	<u>3,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,704</u>
NET BOOK VALUE					
At 31st March 2012	<u>2,237</u>	<u>-</u>	<u>177</u>	<u>5</u>	<u>2,419</u>
At 31st March 2011	<u>2,237</u>	<u>177</u>	<u>-</u>	<u>5</u>	<u>2,419</u>

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

13. 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 a gross 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

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

14. STOCKS

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Consumables	<u>802</u>	<u>320</u>	<u>677</u>	<u>226</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade debtors	1,384	1,178	588	478
Amounts owed by group undertakings	-	-	28	-
Other debtors	24	-	24	-
Prepayments and accrued income	<u>168</u>	<u>539</u>	<u>124</u>	<u>507</u>
	<u>1,576</u>	<u>1,717</u>	<u>764</u>	<u>985</u>

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank loans and overdrafts (see note 18)	273	303	371	527
Finance leases (see note 19)	376	442	376	442
Trade creditors	934	501	900	433
Amounts owed to group undertakings	-	-	-	396
Corporation tax	49	79	-	-
Social security and other taxes	730	674	600	551
Accruals and deferred income	<u>601</u>	<u>692</u>	<u>502</u>	<u>527</u>
	<u>2,963</u>	<u>2,691</u>	<u>2,749</u>	<u>2,876</u>

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

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank loans (see note 18)	1,001	-	1,001	-
Finance leases (see note 19)	<u>480</u>	<u>474</u>	<u>480</u>	<u>474</u>
	<u>1,481</u>	<u>474</u>	<u>1,481</u>	<u>474</u>

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts falling due within one year or on demand:				
Bank overdrafts	-	103	98	327
Bank loans	<u>273</u>	<u>200</u>	<u>273</u>	<u>200</u>
	<u>273</u>	<u>303</u>	<u>371</u>	<u>527</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>73</u>	<u>-</u>	<u>73</u>	<u>-</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>928</u>	<u>-</u>	<u>928</u>	<u>-</u>

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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19. OBLIGATIONS UNDER LEASING AGREEMENTS

Group

	Finance leases	
	2012	2011
	£'000	£'000
Net obligations repayable:		
Within one year	376	442
Between one and five years	<u>480</u>	<u>474</u>
	<u>856</u>	<u>916</u>

Company

	Finance leases	
	2012	2011
	£'000	£'000
Net obligations repayable:		
Within one year	376	442
Between one and five years	<u>480</u>	<u>474</u>
	<u>856</u>	<u>916</u>

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

Group

	Land and buildings	
	2012	2011
	£'000	£'000
Expiring:		
Between one and five years	40	10
In more than five years	<u>70</u>	<u>100</u>
	<u>110</u>	<u>110</u>

Company

	Land and buildings	
	2012	2011
	£'000	£'000
Expiring:		
Between one and five years	10	10
In more than five years	<u>70</u>	<u>70</u>
	<u>80</u>	<u>80</u>

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20. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Bank overdrafts	-	103	98	327
Bank loans	1,274	200	1,274	200
Finance leases	<u>856</u>	<u>916</u>	<u>856</u>	<u>916</u>
	<u>2,130</u>	<u>1,219</u>	<u>2,228</u>	<u>1,443</u>

The bank loan and overdraft are secured by a fixed 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.

21. FINANCIAL INSTRUMENTS

Short term debtors and creditors

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

Interest rate risk management

	2012	2011
	£'000	£'000
Financial liabilities:		
Fixed rate	(856)	(916)
Floating rate	<u>(1,274)</u>	<u>(286)</u>
	<u>(2,130)</u>	<u>(1,202)</u>
Financial assets:		
Floating rate	<u>136</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% (2011: 6.9%.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

Liquidity risk management

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

	2012 £'000	2011 £'000
Maturity:		
Less than one year	649	728
One to five years	<u>1,481</u>	<u>474</u>
	<u>2,130</u>	<u>1,202</u>

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

	2012 £'000	2011 £'000
Undrawn facilities:		
Expiring in less than one year	<u>450</u>	<u>450</u>
	<u>450</u>	<u>450</u>

Fair value of financial (assets) and liabilities

	Book value 2012 £'000	Fair value 2012 £'000	Book value 2011 £'000	Fair value 2011 £'000
Finance lease liabilities	856	856	916	916
Bank loans	1,274	1,274	200	200
Cash at bank and in hand	<u>(136)</u>	<u>(136)</u>	<u>86</u>	<u>86</u>
	<u>1,994</u>	<u>1,994</u>	<u>1,202</u>	<u>1,202</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.

22. **PROVISIONS FOR LIABILITIES**

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Deferred tax				
Accelerated capital allowances	<u>211</u>	<u>233</u>	<u>208</u>	<u>209</u>

Group

	Deferred tax £'000
Balance at 1st April 2011	233
Credit to profit and loss account during year	<u>(22)</u>
Balance at 31st March 2012	<u>211</u>

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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22. PROVISIONS FOR LIABILITIES - continued

Company	Deferred tax £'000
Balance at 1st April 2011	209
Credit to profit and loss account during year	<u>(1)</u>
Balance at 31st March 2012	<u>208</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2012	2011
Number:	Class:	£0.10	£'000	£'000
7,348,329	Ordinary shares	£1	735	735
90	Deferred shares		<u>-</u>	<u>-</u>
			<u>735</u>	<u>735</u>

24. RESERVES

Group	Profit and loss account £'000	Revaluation reserve £'000	Share reserve £'000	option Totals £'000
At 1st April 2011	(413)	1,096	5	688
Profit for the year	592			592
Dividends	(140)			(140)
Share option charge	-	-	7	7
Actuarial gains/(losses) recognised in the pension scheme	(3,911)	-	-	(3,911)
Deferred tax relating to pension liability	<u>978</u>	<u>-</u>	<u>-</u>	<u>978</u>
At 31st March 2012	<u>(2,894)</u>	<u>1,096</u>	<u>12</u>	<u>(1,786)</u>
Profit and loss account excluding pension liability	1,150			
Pension deficit	(4,044)			
Profit and loss account	<u>(2,894)</u>			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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24. **RESERVES - continued**
Company

	Profit and loss account £'000	Revaluation reserve £'000	Share option reserve £'000	Totals £'000
At 1st April 2011	(570)	1,096	5	531
Profit for the year	1,158			1,158
Dividends	(140)			(140)
Share option charge	-	-	7	7
Actuarial gains/(losses) recognised in the pension scheme	(3,911)	-	-	(3,911)
Deferred tax relating to pension liability	<u>978</u>	<u>-</u>	<u>-</u>	<u>978</u>
At 31st March 2012	<u>(2,485)</u>	<u>1,096</u>	<u>12</u>	<u>(1,377)</u>
Profit and loss account excluding pension liability	1,559			
Pension deficit	<u>(4,044)</u>			
Profit and loss account	<u>(2,485)</u>			

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

25. **EMPLOYEE BENEFIT OBLIGATIONS**

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

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

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

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

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31 March 2009 and updated by Barnett Waddingham to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 March 2012 (using the projected unit method). Scheme assets are stated at their market value at 31 March 2012. Contributions paid during the year amounted to £552,000 (2011: £552,000). The estimated contributions for 2013 are expected to be £552,000.

NATIONAL MILK RECORDS PLC (REGISTERED NUMBER: 03331929)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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25. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2012	2011
	£'000	£'000
Present value of funded obligations	(30,184)	(27,163)
Fair value of plan assets	<u>24,792</u>	<u>24,812</u>
	(5,392)	(2,351)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	(5,392)	(2,351)
Deferred tax asset	<u>1,348</u>	<u>611</u>
Net liability	<u>(4,044)</u>	<u>(1,740)</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2012	2011
	£'000	£'000
Current service cost	72	72
Interest cost	1,510	1,521
Expected return	(1,900)	(1,840)
Past service cost	<u>-</u>	<u>-</u>
	<u>(318)</u>	<u>(247)</u>
Actual return on plan assets	<u>874</u>	<u>1,335</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	
	2012	2011
	£'000	£'000
Opening defined benefit obligation	27,163	27,346
Current service cost	72	72
Interest cost	1,510	1,521
Actuarial losses/(gains)	2,885	(381)
Benefits paid	<u>(1,446)</u>	<u>(1,395)</u>
	<u>30,184</u>	<u>27,163</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2012

25. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	2012	2011
	£'000	£'000
Opening fair value of scheme assets	24,812	24,320
Contributions by employer	552	552
Expected return	1,900	1,840
Actuarial gains/(losses)	(1,026)	(505)
Benefits paid	(1,446)	(1,395)
	<u>24,792</u>	<u>24,812</u>

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

	Defined benefit pension plans	
	2012	2011
	£'000	£'000
Actuarial gains/(losses)	(3,911)	(124)
	<u>(3,911)</u>	<u>(124)</u>
Cumulative amount of actuarial gains/(losses)	<u>(6,132)</u>	<u>(2,221)</u>

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

	Defined benefit pension plans	
	2012	2011
Equities	49%	59%
Index linked gilts	9%	8%
Bonds	18%	19%
Property	7%	7%
Hedge funds	17%	7%
	<u>100%</u>	<u>100%</u>

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

	2012	2011
Discount rate	4.80%	5.70%
Inflation assumptions (RPI)	3.20%	3.50%
Pension increases	3.20%	3.50%
Revaluation in deferment	3.20%	3.50%
Expected return on scheme assets	6.70%	7.80%

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

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

The valuation of the defined benefit pension liabilities assumes members take 90% of their full tax free cash allowance (2011: 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.

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

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined benefit pension plans					
Defined benefit obligation	(30,184)	(27,163)	(27,346)	(22,641)	(24,236)
Fair value of scheme assets	24,792	24,812	24,320	19,109	22,840
Deficit	(5,392)	(2,351)	(3,026)	(3,532)	(1,396)
Experience adjustments on scheme liabilities	(197)	(383)	1,708	521	(314)
Experience adjustments on scheme assets	(1,026)	(505)	4,399	(4,392)	(1,028)

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 £285,000 (2011: £224,000).

26. **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.

27. **CAPITAL COMMITMENTS**

	2012 £'000	2011 £'000
Contracted but not provided for in the financial statements	<u>402</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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28. RELATED PARTY DISCLOSURES

Shareholders

The company provided £10,000,000 (2011: £11,000,000) 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 (2011: £100,000). 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 for all or part of the year as follows;

	£
Mr CT Hughes	1,199.92
Mr AJ Warne	606.48
Mr T Lloyd	289.66
Mr HI Smith	132.00
Mr P Kirkham	46.86
Mr DJ Thomas	48.86

29. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2012 £'000	2011 £'000
Profit for the financial year	592	393
Dividends	<u>(140)</u>	-
	452	393
Other recognised gains and losses relating to the year (net)	(2,933)	(89)
Transfer of minority interest		
Share option charge	<u>7</u>	<u>5</u>
Net (reduction)/addition to shareholders' funds	(2,474)	309
Opening shareholders' funds	<u>1,423</u>	<u>1,114</u>
Closing shareholders' funds	<u>(1,051)</u>	<u>1,423</u>

Company

	2012 £'000	2011 £'000
Profit for the financial year	1,158	191
Dividends	<u>(140)</u>	-
	1,018	191
Other recognised gains and losses relating to the year (net)	(2,933)	(89)
Share option charge	<u>7</u>	<u>5</u>
Net (reduction)/addition to shareholders' funds	(1,908)	107
Opening shareholders' funds	<u>1,266</u>	<u>1,159</u>
Closing shareholders' funds	<u>(642)</u>	<u>1,266</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
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30. **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 2012. The options outstanding at 31 March 2012 have a remaining contractual life of 8.25 years and an exercise price of 28.00p. The weighted average fair value of options granted in the year was £22,032. The share price and option exercise price above equate to the weighted average exercise and share price for the period.

31. **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 364,800 shares (2011: 364,800). At the year end there were 270,000 shares under option to employees (2011: 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 £155,040 (2011: £140,448).