

Society Number: 20341R

**UNITED OILSEED PRODUCERS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

# UNITED OILSEED PRODUCERS LIMITED

Directors' report and financial statements for the year ended 30 June 2011

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# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### SOCIETY INFORMATION

DIRECTORS	G J Rowsell (Chairman) D J Dugdale J A Elliot N R Wisely W Topham T Stuart A Cragg
SECRETARY	D L Purdy
BANKERS	HSBC plc 45 Market Place DEVIZES Wiltshire SN10 1HZ
INDEPEDNDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 31 Great George Street BRISTOL BS1 5QD
REGISTERED OFFICE	Unit 3 William Road Nurstead Road Trading Estate DEVIZES Wiltshire SN10 3US

# **UNITED OILSEED PRODUCERS LIMITED**

## **Directors' report and financial statements for the year ended 30 June 2011**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of United Oilseed Producers Limited ("the Society") for the year ended 30 June 2011.

#### **PRINCIPAL ACTIVITIES**

The principal object of the Society consists of the marketing of its members' oilseed, pulses and oat crop.

The Society has an agreement with United Oilseeds Marketing Limited, a UK registered company and wholly owned subsidiary, with the effect that, members' contracts are managed and executed by United Oilseeds Marketing Limited. All oilseed and protein crop trading and accounting is carried out through United Oilseeds Marketing Limited.

#### **BUSINESS REVIEW**

The directors are satisfied with the performance of the business and believe it is well placed to take advantage of future business opportunities. This year's result reflects the difficult trading conditions that have arisen in the year due to the volatility of the market. During the financial year the price of oilseed rape increased by £69 per tonne because of a reduction in world oilseed production, especially in Europe. This volatility is expected to continue for the foreseeable future. Despite the difficulties the Group has been able to read the market and this was reflected in the performances of the pool prices, which again have been at the top of the industry figures.

The Group continues to increase its market share with turnover reaching £100m an increase of 51% on the previous financial year.

The Group continues to grow the seed for sale side of the business which this year maintained the major increase in the contribution that was reported last. Going forward the inclusion of the variety Camelot will give the Group a spring board for the coming season.

During the financial year, the Group has revised its bonus structure and set up a sub committee to review the salaries of the Group's employees.

The Board of directors continues to maintain and develop the strategic plan for the Group. The main components are

1. To continue to redistribute trading surpluses back to our members on an annual basis, dependent on the Group achieving its annual financial plan and that it has sufficient distributable reserves.
2. Develop the long-term relationships with the main UK crushers.

The development of the web site and the new initiatives for interaction through the web site with our members continues to be a huge success with our members.

The directors monitor the profitability of the business which is shown on the face of the profit and loss account. The directors are of the opinion that further analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

#### **FUTURE DEVELOPMENTS**

The coming year will be challenging due to the increased volatility in the oilseed rape prices because of a drop in world production. Prices have seen a steep increase since June 2010 as uncertainties over the coming harvest potential yields have become apparent.

# **UNITED OILSEED PRODUCERS LIMITED**

## **Directors' report and financial statements for the year ended 30 June 2011**

### **DIRECTORS' REPORT**

#### **FUTURE DEVELOPMENTS**

The effect of currency fluctuations on price also represents a risk as the oilseed rape market becomes a more global commodity. Hedging on the Matif is becoming a major tool in the trading of oilseed rape.

In the last year, we saw the fund managers entering the market causing the market to fluctuate uncharacteristically and these institutions will no doubt look to influence the prices again this year to maximise their profit opportunities.

Weather conditions are a primary risk in the agri-business industry. Oilseed rape volumes, quality and ultimately, the financial performance of the Group, are highly dependent upon weather conditions throughout the crop production cycle.

#### **FINANCIAL RISK MANAGEMENT**

The Group's operations expose it to a variety of risks that include price risk, credit risk and liquidity and cash flow risk. Given the size of the Group the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The executive directors implement the policies set by the Board of directors.

##### *Price risk*

The Group is exposed to price risk in its trading. Its trading employees manage this exposure through the various pool arrangements, regular monitoring of Matif prices and internal position reporting.

##### *Credit risk*

The Group is exposed to credit risk on its debtor balances. This is mitigated by relationships with long-term customers, credit control and netting arrangements with farmer customers.

##### *Liquidity and cash flow risk*

Liquidity and cash flow risk are managed by the preparation of budgets and monthly management accounts; and maintaining banking facilities with a major UK bank that are considered sufficient to meet the cash flow needs of the Group. The facilities are reviewed on an annual basis.

#### **RESULTS AND DIVIDENDS**

The result for the financial year is £nil (2010: £nil). The Society made distributions totalling £641,904 (2010: £nil) to members based on member's 2008/09 and 2009/10 trading levels with United Oilseeds Marketing Limited.

#### **CHARITABLE DONATIONS**

During the financial year the Group made non-political charitable donations amounting to £375 (2010: £995).

#### **DIRECTORS**

The directors of the Society who were in office during the year and up to the date of signing the financial statements are given on page 1. All directors served throughout the financial year.

# **UNITED OILSEED PRODUCERS LIMITED**

## **Directors' report and financial statements for the year ended 30 June 2011**

### **DIRECTORS' REPORT**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Industrial and Provident Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent society financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Industrial and Provident Society 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 group and the Society and of the surplus and deficit of the Society and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 Society will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and the group and enable them to ensure that the financial statements comply with the Friendly and Industrial Provident Societies Acts 1965 to 2002. They are also responsible for safeguarding the assets of the Society 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 Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each director is aware, there is no relevant audit information of which the Society's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

#### **INDEPENDENT AUDITORS**

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

BY ORDER OF THE BOARD

David Purdy  
Society secretary

18 October 2011

Society number: 20341R

# **UNITED OILSEED PRODUCERS LIMITED**

## **Directors' report and financial statements for the year ended 30 June 2011**

### **Independent Auditors' Report to the Members of United Oilseed Producers Limited**

We have audited the financial statements of United Oilseed Producers Limited for the year ended 30 June 2011 which comprise the consolidated and society income and expenditure accounts, the consolidated and society balance sheets, the consolidated cash flow statement, the statement of accounting policies 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of financial statements which 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 (ISAs) (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Society's members as a body in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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 Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent society's affairs as at 30 June 2011 and of the group's and parent society's income and expenditure and the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Industrial and Provident Societies Acts 1965 to 2002 and the Industrial and Provident Societies (Group Accounts) Regulations 1969.

# **UNITED OILSEED PRODUCERS LIMITED**

**Directors' report and financial statements for the year ended 30 June 2011**

## **Independent Auditors' Report to the Members of United Oilseed Producers Limited**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Society has not kept proper accounting records; or
- the Society's financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
18 October 2011

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Note	2011 £	2010 £
<b>Turnover</b>	1	<b>100,346,484</b>	<b>66,440,311</b>
Cost of sales		<b>(97,527,107)</b>	<b>(63,901,894)</b>
Trading surplus		<b>2,819,377</b>	<b>2,538,417</b>
Administrative expenses		<b>(2,005,730)</b>	<b>(1,823,804)</b>
<b>Operating surplus</b>		<b>813,647</b>	<b>714,613</b>
Interest receivable	2	<b>11,695</b>	<b>57,142</b>
Interest payable	3	<b>(6,198)</b>	<b>(1,480)</b>
Distribution of surplus	22	<b>(641,904)</b>	<b>-</b>
<b>Surplus on ordinary activities before taxation</b>	4	<b>177,240</b>	<b>770,275</b>
Tax on surplus on ordinary activities	6	<b>(49,244)</b>	<b>(194,499)</b>
<b>Surplus for the financial year</b>	13	<b>127,996</b>	<b>575,776</b>

All activities relate to continuing operations.

The group has no recognised surpluses or deficits other than the surplus stated above and therefore no separate statement of total recognised surpluses or deficits has been presented.

There is no material difference between the surplus on ordinary activities before taxation and the surplus for the financial year stated above and their historical costs equivalents.

# UNITED OILSEED PRODUCERS LIMITED

Directors' report and financial statements for the year ended 30 June 2011

## SOCIETY'S INCOME AND EXPENDITURE ACCOUNT

	Note	2011 £	2010 £
Income from shares in subsidiary		641,904	-
Expenses		-	-
Distribution	22	(641,904)	-
<b>Surplus on ordinary activities before taxation</b>		-	-
Tax on surplus on ordinary activities	6	-	-
<b>Surplus for the financial year</b>	13	-	-

All activities relate to continuing operations.

The society has no recognised surpluses or deficits other than the result stated above and therefore no separate statement of total recognised surpluses or deficits has been presented.

There is no material difference between the surplus on ordinary activities before taxation and the surplus for the financial year stated above and their historical costs equivalents.

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### CONSOLIDATED BALANCE SHEET

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	7	66,145	56,600
Investments	8	302,573	7,571
		<b>368,718</b>	64,171
<b>Current assets</b>			
Stocks		2,364,627	695,437
Debtors	10	9,429,508	12,066,419
Cash at bank and in hand		3,248,208	739,597
		<b>15,042,343</b>	13,501,453
<b>Creditors: amounts falling due within one year</b>	11	<b>(10,473,203)</b>	(8,757,622)
<b>Net current assets</b>		<b>4,569,140</b>	4,743,831
<b>Total assets less current liabilities</b>		<b>4,937,858</b>	4,808,002
<b>Net assets</b>		<b>4,937,858</b>	4,808,002
<b>Capital and reserves</b>			
Called up share capital	12	41,049	20,751
Forfeited share capital	12	77,068	95,506
Capital reserve	13	5,434	5,434
Income and expenditure account	13	4,814,307	4,686,311
<b>Total members' funds</b>	14	<b>4,937,858</b>	4,808,002

The financial statements on pages 7 to 24 were approved by the board of directors on 18 October 2011 and were signed on its behalf by:

G J Rowsell  
Director

J A Elliot  
Director

D L Purdy  
Secretary

Society Number: 20341R

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### SOCIETY'S BALANCE SHEET

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Investments	9	<b>765,051</b>	765,051
<b>Current assets</b>			
Cash at bank and in hand		<b>18,513</b>	16,653
<b>Creditors: Amounts falling due within one year</b>	11	<b>(135,603)</b>	(135,603)
<b>Net current liabilities</b>		<b>(117,090)</b>	(118,950)
<b>Total assets less current liabilities</b>		<b>647,961</b>	646,101
<b>Capital and reserves</b>			
Called up share capital	12	<b>41,049</b>	20,751
Forfeited share capital	12	<b>77,068</b>	95,506
Income and expenditure account	13	<b>529,844</b>	529,844
<b>Total members' funds</b>	14	<b>647,961</b>	646,101

The financial statements on pages 7 to 24 were approved by the board of directors on 18 October 2011 and were signed on its behalf by:

G J Rowsell  
Director

J A Elliot  
Director

D L Purdy  
Society secretary

Society Number: 20341R

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### CONSOLIDATED CASH FLOW STATEMENT

	Note	2011 £	2010 £
<b>Net cash inflow/ (outflow) from operating activities</b>	15	<b>3,695,630</b>	(1,482,946)
<b>Returns on investments and servicing of finance</b>			
Interest received		<b>11,695</b>	57,142
Interest paid		<b>(6,198)</b>	(1,480)
Distribution to members	22	<b>(641,904)</b>	-
		<b>(636,407)</b>	55,662
<b>Taxation</b>		<b>(213,760)</b>	(69,443)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		<b>(43,710)</b>	(26,850)
Investment (payment)/ repayment	9	<b>(295,002)</b>	2,000
		<b>(338,712)</b>	(24,850)
<b>Financing</b>			
New member share capital subscribed		<b>1,860</b>	1,920
<b>Increase/ (decrease) in cash</b>	16	<b>2,508,611</b>	(1,519,657)
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 July 2010		<b>739,597</b>	2,259,254
Increase/ (decrease) in cash in the financial year		<b>2,508,611</b>	(1,519,657)
<b>Net funds at 30 June 2011</b>	16	<b>3,248,208</b>	739,597

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### STATEMENT OF ACCOUNTING POLICIES

#### ***Accounting Convention***

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently are set out below.

#### ***Basis of consolidation***

The Group financial statements consolidate the financial statements of the Society and its subsidiaries. All companies within the Group apply the same accounting policies consistently and prepare their financial statements to the same date. Profits and losses on intra-group transactions are eliminated on consolidation.

#### ***Turnover***

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. It also includes commissions receivable on transactions undertaken on behalf of the commodity pools. Turnover is recognised when the risks and rewards of ownership of the goods are substantially passed to the customer.

#### ***Fixed asset investments***

Fixed asset investments are payments made to storage facilities for the long-term use of the location. Investments are initially recorded at cost. The full cost of the investment is repayable by the storage provider at the end of the term of the contract. The investments are reviewed periodically for impairment. An impairment is considered to have occurred where the amount repayable by the storage location is lower than the carrying value of the investment.

#### ***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets so as to write off the cost less the estimated residual value of the relevant assets over their anticipated useful lives at the following annual rates on a straight line basis:

Office equipment between 15% and 33%

#### ***Stocks***

Stocks comprise commodities for resale which are valued at the lower of cost and net realisable value and measured on a weighted average basis. Cost includes all direct expenditure incurred in bringing the product to its present location and condition. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### ***Foreign currencies***

Monetary assets and liabilities expressed 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 ruling at the date of the transaction. Differences arising are dealt with in the profit and loss account.

#### ***Lease contracts***

Rentals under operating leases are charged to the profit and loss account as incurred.

#### ***Taxation***

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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 right to pay less or to receive more tax with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### STATEMENT OF ACCOUNTING POLICIES

#### ***Taxation***

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.

#### ***Pension costs***

The company has a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company, being invested by independent investment managers. The pension cost charge represents contributions payable by the company into a defined contribution scheme during the year.

#### ***Commodity contracts***

Aggregated forward losses on commodity contracts, for fulfilment after the balance sheet date, are included in the trading result for the financial year. Forward profits on similar classes of contracts are only recognised in the accounting period that they are realised.

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### 1. TURNOVER

Turnover relates entirely to the group's principal activity.

<b>Sales by destination</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b>89,774,877</b>	66,440,311
Europe	<b>10,571,607</b>	-
	<b>100,346,484</b>	66,440,311

#### 2. INTEREST RECEIVABLE: GROUP

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
On short term cash deposits	<b>11,695</b>	57,142

#### 3. INTEREST PAYABLE: GROUP

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
On bank overdrafts	<b>6,198</b>	1,480

#### 4. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION: GROUP

	<b>Group</b>	
Surplus on ordinary activities before taxation is stated after charging/ (crediting):	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Auditors remuneration:		
Fees payable for other services		
- Audit of the Society's subsidiary	<b>21,000</b>	20,500
- Fees payable for other services – tax compliance	<b>7,840</b>	6,000
- Fees payable for other services – other	<b>1,800</b>	-
Depreciation of owned fixed assets	<b>34,165</b>	33,203
Operating lease payments in respect of plant and machinery	<b>90,441</b>	88,557
Operating lease payments in respect of property	<b>24,756</b>	24,756

Auditors' remuneration for audit services to the Society amounted to £nil (2010: £nil).

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### 5. DIRECTORS AND OTHER EMPLOYEES: GROUP

Staff costs include the following:

	2011	2010
	£	£
Wages and salaries	1,089,230	1,082,602
Social security costs	139,100	124,188
Other pension costs	207,277	74,505
	<b>1,435,607</b>	1,281,295

The average number of persons employed by the Group during the year was as follows:

	2011	2010
	Number	Number
Trading	14	12
Administration	13	12
	<b>27</b>	24

The emoluments of the directors (including pension contributions and benefits in kind) were as follows:

	2011	2010
	£	£
For services as directors	<b>56,004</b>	63,000

The society does not have any employees.

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### 6. TAX ON SURPLUS ON ORDINARY ACTIVITIES: GROUP

a) Analysis of tax charge on ordinary activities	2011	2010
	£	£
<b>Current tax</b>		
UK corporation tax on surplus	16,001	213,760
Adjustments in respect of prior years	-	3,477
Total current tax	16,001	217,237
<b>Deferred tax</b>		
Origination and reversal of timing differences	30,871	(2,219)
Impact of change in tax rate	2,372	-
Adjustments in respect of prior years	-	(20,519)
Total deferred tax	33,243	(22,738)
<b>Total tax on surplus on ordinary activities</b>	<b>49,244</b>	<b>194,499</b>

#### b) Factors affecting tax charge for year

The rate of current tax charge on surplus on ordinary activities differs from the standard rate of corporation tax in the UK due to the following factors:

	2011	2010
	£	£
Surplus on ordinary activities before taxation	177,240	770,275
Tax at 27.5% on profit before taxation (2010: 28%)	48,741	215,677
Expenses not deductible for tax purposes	5,120	7,996
Adjustments to tax charge in respect of prior years	-	3,477
Accelerated capital allowances	(6,822)	(3,562)
Other timing differences	(25,832)	5,781
Marginal rates	(5,206)	(12,132)
<b>Total current tax charge</b>	<b>16,001</b>	<b>217,237</b>

The Society does not have any corporation tax.

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### 6. TAX ON SURPLUS ON ORDINARY ACTIVITIES (continued)

##### c) Future tax charges

The future tax charges will be reduced by the extent to which the group utilises losses not recognised as deferred tax assets. The group has the following losses:

	2011	2010
	£	£
Capital losses	<b>50,050</b>	50,050

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011. The group's surplus for this financial year is taxed at an effective rate of 27.5% and will be taxed at 26% in the future. Deferred tax balances have been re-measured using the 26% rate.

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. The proposed reductions of the main rate of corporation tax by 1% per year are expected to be enacted separately each year. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

# UNITED OILSEED PRODUCERS LIMITED

Directors' report and financial statements for the year ended 30 June 2011

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### 7. TANGIBLE FIXED ASSETS: GROUP

	Office equipment £
<b>Cost</b>	
At 1 July 2010	378,345
Additions	43,710
<b>At 30 June 2011</b>	<b>422,055</b>
<b>Accumulated depreciation</b>	
At 1 July 2010	321,745
Charge for financial year	34,165
<b>At 30 June 2011</b>	<b>355,910</b>
<b>Net book amount</b>	
<b>At 30 June 2011</b>	<b>66,145</b>
At 30 June 2010	56,600

The Society does not hold any tangible fixed assets.

### 8. FIXED ASSET INVESTMENTS: GROUP

	Investments £
<b>Cost and net book amount</b>	
At 30 June 2010	7,571
Additions	295,002
<b>At 30 June 2011</b>	<b>302,573</b>

Investments comprise interest free loans to grain stores to secure storage facilities and have no fixed date of repayment. During the financial year £295,002 was paid to storage facilities. The directors are satisfied that the investments are recoverable at their stated net book amounts.

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### 9. FIXED ASSET INVESTMENTS: SOCIETY

	Subsidiary undertakings £	Other investments £	Total £
<b>Cost and net book value</b>			
<b>At 1 July 2010 and 30 June 2011</b>	<b>757,480</b>	<b>7,571</b>	<b>765,051</b>

The subsidiary undertakings are:

United Oilseeds Marketing Limited, a company incorporated and registered in the UK. The nature of its business is that of commodity merchants and brokers. The Society owned 100% of the issued share capital as at the balance sheet date.

United Agriculture Limited, a company registered in the UK. The company is dormant. The Society owned 100% of the issued share capital as at the balance sheet date.

Other investments comprise of interest free loans to grain stores to secure storage facilities and have no fixed date of repayment.

#### 10. DEBTORS: GROUP

	2011 £	2010 £
Trade debtors	<b>4,592,260</b>	7,126,827
Deferred Taxation (Note 19)	-	33,216
Other taxation	<b>124,753</b>	61,381
Prepayments and accrued income	<b>4,712,495</b>	4,844,995
	<b>9,429,508</b>	12,066,419

The society has no debtors.

# UNITED OILSEED PRODUCERS LIMITED

Directors' report and financial statements for the year ended 30 June 2011

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### 11. CREDITORS : Amounts falling due within one year

	Group		Society	
	2011 £	2010 £	2011 £	2010 £
Trade creditors	<b>6,696,343</b>	4,191,326	-	-
Amounts owed to group undertakings	-	-	<b>135,603</b>	135,603
Taxation and social security	<b>59,041</b>	273,214	-	-
Deferred taxation	<b>27</b>	-	-	-
Accruals and deferred income	<b>3,717,792</b>	4,293,082	-	-
	<b>10,473,203</b>	8,757,622	<b>135,603</b>	135,603

Amounts due to group undertakings are unsecured, carry no interest and are repayable on demand. Any overdraft is secured against the assets of the company.

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### 12. CALLED UP SHARE CAPITAL

	Called up share capital £	Forfeited share capital £
At 1 July 2010	20,751	95,506
New issues	1,860	-
Non active members transfer of forfeited shares	18,438	(18,438)
<b>At 30 June 2011</b>	<b>41,049</b>	<b>77,068</b>

The shareholders' capital is split between those members who have traded with the group in the financial year and those who have not traded but still retain a share in the Society.

Each member may hold one share in the Society. Each share has a nominal value of £15. The shares do not have a right to any distribution. Each share entitles the member to one vote. Shares are non-transferrable.

During the year, share capital of £1,860 was issued. Upon cessation of membership, share capital is cancelled and forfeited and transferred to the forfeited share capital account. During the financial year, £18,438 (2010: £30) was transferred from the forfeited share capital account.

At the balance sheet date, there were 2,759 contracted members (2010:1,403).

#### 13. RESERVES

	Group		Society
	Capital reserve £	Income and expenditure account £	Income and expenditure account £
At 1 July 2010	5,434	4,686,311	529,844
Surplus for the financial year	-	127,996	-
<b>At 30 June 2011</b>	<b>5,434</b>	<b>4,814,307</b>	<b>529,844</b>

# UNITED OILSEED PRODUCERS LIMITED

Directors' report and financial statements for the year ended 30 June 2011

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### 14. EQUITY SHAREHOLDERS' FUNDS

	Group		Society	
	2011 £	2010 £	2011 £	2010 £
Surplus for the financial year	<b>127,996</b>	575,776	-	-
New share capital subscribed	<b>1,860</b>	1,920	<b>1,860</b>	1,920
Net change in shareholders' funds	<b>129,856</b>	577,696	<b>1,860</b>	1,920
Opening shareholders' funds	<b>4,808,002</b>	4,230,306	<b>646,101</b>	644,181
<b>Closing shareholders' funds</b>	<b>4,937,858</b>	4,808,002	<b>647,961</b>	646,101

### 15. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating surplus	<b>813,647</b>	714,613
Depreciation charge	<b>34,165</b>	33,203
(Increase) in stocks	<b>(1,669,190)</b>	(233,474)
Decrease/ (increase) in debtors	<b>2,603,695</b>	(6,162,363)
Increase in creditors	<b>1,913,313</b>	4,165,075
Net cash flow from operating activities	<b>3,695,630</b>	(1,482,946)

### 16. ANALYSIS OF CHANGE IN NET FUNDS

	1 July 2010 £	Cash flow £	30 June 2011 £
Cash at bank	739,597	2,508,611	<b>3,248,208</b>

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### 17. FINANCIAL COMMITMENTS: GROUP

Amounts payable in the next year in respect of annual commitments under non-cancellable operating leases are as follows:

	2011	2010
	£	£
<b>Expiring within one year</b>		
Land and buildings	-	10,315
Other operating leases	11,055	19,282
<b>Expiring within two to five years</b>		
Land and buildings	24,756	-
Other operating leases	73,426	45,805
	<b>109,237</b>	<b>75,402</b>

The Society has no commitments.

#### 18. CONTINGENT LIABILITIES

The Group has guarantees totalling £1,100,000 (2010: £1,100,000) lodged with the Rural Payments Agency at the balance sheet date. The directors are of the opinion that no significant liability will arise under these guarantees.

#### 19. DEFERRED TAX: GROUP

Deferred taxation comprises

	2011	2010
	£	£
Accelerated capital allowances	(1,327)	5,516
Short-term timing differences	1,300	27,700
Deferred tax (liability)/ asset	(27)	33,216

The movement in the deferred tax asset/ (liability) is as follows

	2011
	£
At 1 July	33,216
Charged to the profit and loss account	(33,243)
At 30 June	(27)

The Society has no deferred tax balances.

# UNITED OILSEED PRODUCERS LIMITED

## Directors' report and financial statements for the year ended 30 June 2011

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### 20. PENSIONS

Contributions are made on behalf of the employees to their personal pension plan. Contributions are charged in the accounts as incurred. Total pension costs charged in the year were £207,277 (2010: £74,505).

#### 21. RELATED PARTIES AND ULTIMATE CONTROLLING PARTY

Advantage has been taken of the exemption from disclosing transactions and balances with other group companies as permitted by Financial Reporting Standard 8 "Related party disclosures".

Directors enter into transactions with the company, which are at arms length and on the same terms as are available to other customers with a similar size of enterprise. These are summarised as follows for the year ended 30 June 2011:

Interested director	Sales value £000's	Purchases value £000's	Balance at 30 June 2011 £000's
G J Rowsell	9	113	(29)
T Stuart	1	341	-
J A Elliot	23	1,300	-
D J Dugdale	4	104	-
A Cragg	1	131	-
W Topham	18	623	(45)

Information relating to the year ended 30 June 2010:

Interested director	Sales value £000's	Purchases value £000's	Balance at 30 June 2010 £000's
G J Rowsell	4	25	-
T Stuart	7	228	-
J A Elliot	81	1,048	-
D J Dugdale	4	54	-
A Cragg	2	90	-
W Topham	34	460	-
J F Jackson	28	258	-

#### 22. DISTRIBUTIONS IN 2010/ 11 FINANCIAL YEAR

During the financial year the board authorised distributions to the active members, based on their turnover for the financial years ended 30 June 2009 and 2010 with United Oilseeds Marketing Limited. The distributions totalled £641,904 (2010: £nil).