
ALCAN FARMS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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ALCAN FARMS LIMITED

COMPANY INFORMATION

DIRECTORS	J W Beattie J G Storr
COMPANY SECRETARY	J G Storr
REGISTERED NUMBER	1086684
REGISTERED OFFICE	Lynemouth Smelter Ashington Northumberland NE63 9YH
INDEPENDENT AUDITOR	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

ALCAN FARMS LIMITED

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ALCAN FARMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £167,000 (2012 - loss £50,000)

The directors do not recommend the payment of a dividend (2012 - £nil) and accordingly the profit (2012 - loss) has been transferred to reserves

DIRECTORS

The directors who served during the year and subsequently were

J W Beattie
J G Storr

FUTURE DEVELOPMENTS

On 4 March 2014 the freehold land and buildings of the Company were sold. All of the remaining assets will be sold during 2014. The sales have realised amounts in excess of book value and a profit on sale will be reported in the 2014 accounts. Following these sales the Company will cease to trade and the directors will consider its future options.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALCAN FARMS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013
PROVISION OF INFORMATION TO AUDITOR**

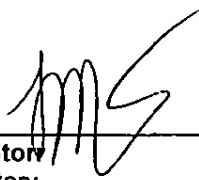
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information

AUDITOR

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board and is signed by order of the board



J G Storey
Secretary

Date 24 June 2014

Lynemouth Smelter
Ashington
Northumberland
NE63 9YH

ALCAN FARMS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

INTRODUCTION

The principal activity of the business is the operation of farming enterprises with the main enterprise being the production of cereals and livestock production

BUSINESS REVIEW

Yields for winter cereals were much better than expected and with much better quality than last year. Market prices have been firm throughout the year as stocks remain tight. Spring barleys performed well with all going for malting, commanding a premium price. Winter barley yields were average. The barley was a variety grown for malting and all made the required grade, receiving a premium over feed price.

Oilseed rapes performed well with good oil quality in what were not ideal weather conditions for growth. Yields were better than average with prices remaining firm.

The weather conditions were much kinder than the previous year and made for an easier harvest. This allowed early establishment of new crops in the autumn. Winter crops have all established well and have high potential for 2014.

2013 saw store cattle prices being maintained at the levels seen in the previous 12 months. Fewer cattle are being produced in the UK with further reductions in numbers of cattle being presented for sale at our local market. We have considerably tightened our calving period for the cows which has eased management and improved the batching of young stock. Sheep prices have also remained firm with quality lambs always attracting good trade.

Property improvements continue along with drainage works and cleansing of ditches.

The wind farm is now in full production yielding good rental income.

This report was approved by the board on 24 June 2014 and is signed by order of the board.



J G Storr
Secretary

ALCAN FARMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCAN FARMS LIMITED

We have audited the financial statements of Alcan Farms Limited for the year ended 31 December 2013, which comprise the profit and loss account, the balance sheet 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 an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities on page 1, 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ALCAN FARMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCAN FARMS LIMITED

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Grant Thornton UK LLP

Richard Hagley (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

30 June 2014

ALCAN FARMS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £000	2012 £000
TURNOVER	1,2	2,291	1,833
Cost of sales		(2,174)	(1,982)
GROSS PROFIT/(LOSS)		117	(149)
Distribution costs		(2)	(2)
Administrative expenses		(34)	(46)
OPERATING PROFIT/(LOSS)	3	81	(197)
EXCEPTIONAL ITEMS			
Net profit on sale of tangible fixed assets	8	85	142
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		166	(55)
Interest payable and similar charges	7	(7)	(3)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		159	(58)
Tax on profit/(loss) on ordinary activities	9	8	8
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	17	167	(50)

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account

The notes on pages 8 to 16 form part of these financial statements

ALCAN FARMS LIMITED
REGISTERED NUMBER: 1086684

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Tangible assets	10		2,855	2,875
CURRENT ASSETS				
Stocks	11	741		1,153
Debtors	12	245		211
Cash in hand		15		-
		<u>1,001</u>		<u>1,364</u>
CREDITORS: amounts falling due within one year	13	<u>(1,678)</u>		<u>(2,220)</u>
NET CURRENT LIABILITIES			<u>(677)</u>	<u>(856)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,178</u>	<u>2,019</u>
CREDITORS: amounts falling due after more than one year	14		(1,888)	(1,888)
PROVISIONS FOR LIABILITIES				
Deferred tax	15		(49)	(57)
NET ASSETS			<u>241</u>	<u>74</u>
CAPITAL AND RESERVES				
Called up share capital	16		-	-
Profit and loss account	17		241	74
SHAREHOLDERS' FUNDS	18		<u>241</u>	<u>74</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 June 2014



J G Storr
 Director

The notes on pages 8 to 16 form part of these financial statements

ALCAN FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. As noted in the Directors' report all assets of the Company are expected to be sold in 2014 and the Company will cease to trade. Pending a decision on its future the Company will have administrative support and funds available to enable it to continue to operate and therefore the directors are satisfied that it is appropriate to use the going concern basis. The directors have reviewed the Company's existing accounting policies and consider that they are suitable. The principal accounting policies have been consistently applied.

1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover, which excludes value added tax, represents the invoiced value of agricultural produce and livestock sold by the Company including government grants and subsidies together with rental income based upon electricity produced by the windfarm. Turnover is recognised when the contract is completed. Advances, in the case of arable produce, are recorded as deferred income until the contract is complete when it is then recognised as turnover.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	Nil
Freehold buildings	-	5%
Plant & machinery	-	10%
Motor vehicles	-	20%
Herd & flock	-	15%

1.5 Operating leases

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

1.6 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost and net realisable value are determined by independent valuers. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

ALCAN FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.8 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred

1.9 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year

2. TURNOVER

Turnover represents the invoiced value of agricultural produce and livestock sold by the Company including government grants and subsidies together with rental income based upon electricity produced by the windfarm

3. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging

	2013 £000	2012 £000
Depreciation of tangible fixed assets		
- owned by the Company	173	158
Operating lease rentals		
- plant and machinery	199	166
	<u> </u>	<u> </u>

ALCAN FARMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

4 AUDITOR'S REMUNERATION

	2013 £000	2012 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	6	9
	<u>6</u>	<u>9</u>

5. STAFF COSTS

Staff costs were as follows

	2013 £000	2012 £000
Wages and salaries	315	366
Social security costs	25	16
Other pension costs	31	17
	<u>371</u>	<u>399</u>

The average monthly number of employees, including the directors, during the year was as follows

	2013 No	2012 No
Operations	9	8
Administration	1	2
	<u>10</u>	<u>10</u>

6. DIRECTORS' REMUNERATION

The Directors who served during the year did not receive any remuneration from the Company for their services (2012 £nil), however one director (2012 none) was remunerated by Alcan Aluminium UK Limited, a fellow group undertaking, and the Company paid management fees of approximately £20,000 (2012 £nil) in respect of these services

Retirement benefits are accruing to one director under a defined benefit scheme (2012 one director)

7. INTEREST PAYABLE

	2013 £000	2012 £000
On loans from group undertakings	7	3
	<u>7</u>	<u>3</u>

ALCAN FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

8. EXCEPTIONAL ITEMS

	2013 £000	2012 £000
Profit on sale of fixed assets	85	142

The profit on the sale of fixed assets relates mainly to the sales of livestock, tractors and field implements

9 TAXATION

	2013 £000	2012 £000
Analysis of tax charge in the year		
Deferred tax		
Origination and reversal of timing differences	(3)	(3)
Effect of change in tax rate on opening liability	(5)	(5)
Total deferred tax (see note 15)	(8)	(8)
Tax on profit/loss on ordinary activities	(8)	(8)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below

	2013 £000	2012 £000
Profit/loss on ordinary activities before tax	159	(58)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	37	(14)
Effects of:		
Expenses not deductible for tax purposes	42	30
Capital allowances less than depreciation	1	3
Non-taxable income	-	(27)
Group relief surrendered / (received) for nil payment	(80)	8
Current tax charge for the year	-	-

Factors that may affect future tax charges

Reductions in the main rate of UK corporation tax, to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015, were substantively enacted on 2 July 2013. These reductions have no impact on the financial statements prepared to 31 December 2013.

ALCAN FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

10. TANGIBLE FIXED ASSETS

	Freehold land £000	Freehold buildings £000	Plant, machinery and motor vehicles £000	Herd and flock £000	Total £000
Cost					
At 1 January 2013	1,850	1,141	1,100	274	4,365
Additions	-	-	214	36	250
Transfers intra group	-	-	(33)	-	(33)
Disposals	-	-	(37)	(158)	(195)
At 31 December 2013	<u>1,850</u>	<u>1,141</u>	<u>1,244</u>	<u>152</u>	<u>4,387</u>
Depreciation					
At 1 January 2013	-	729	655	106	1,490
Charge for the year	-	55	86	32	173
Transfers intra group	-	-	(33)	-	(33)
On disposals	-	-	(37)	(61)	(98)
At 31 December 2013	<u>-</u>	<u>784</u>	<u>671</u>	<u>77</u>	<u>1,532</u>
Net book value					
At 31 December 2013	<u>1,850</u>	<u>357</u>	<u>573</u>	<u>75</u>	<u>2,855</u>
At 31 December 2012	<u>1,850</u>	<u>412</u>	<u>445</u>	<u>168</u>	<u>2,875</u>

11. STOCKS

	2013 £000	2012 £000
Consumables	55	81
Work in progress	349	251
Finished goods and goods for resale	243	542
Livestock	94	279
	<u>741</u>	<u>1,153</u>

12. DEBTORS

	2013 £000	2012 £000
Trade debtors	21	12
Other debtors	36	50
Prepayments and accrued income	188	149
	<u>245</u>	<u>211</u>

Other debtors include £17,125 (2012 £17,125) relating to loans receivable in more than one year. These loans were made during 1988 to gain entrance to a grain drying and marketing consortium in the Lynemouth area. The loans carry no rate of interest and have no fixed date of repayment.

ALCAN FARMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

**13 CREDITORS:
Amounts falling due within one year**

	2013 £000	2012 £000
Bank loans and overdrafts	-	9
Trade creditors	7	4
Amounts owed to group undertakings	1,445	1,691
Other creditors	12	12
Accruals and deferred income	214	504
	1,678	2,220

Amounts owed to group undertakings are unsecured, and have no fixed date of repayment

**14. CREDITORS.
Amounts falling due after more than one year**

	2013 £000	2012 £000
Amounts owed to group undertakings	1,888	1,888

Creditors include amounts not wholly repayable within 5 years as follows

	2013 £000	2012 £000
Repayable other than by instalments	1,888	1,888

15. DEFERRED TAXATION

	2013 £000	2012 £000
At beginning of year	57	65
Released during year (P&L)	(8)	(8)
At end of year	49	57

The provision for deferred taxation is made up as follows

	2013 £000	2012 £000
Accelerated capital allowances	49	57

ALCAN FARMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

16. SHARE CAPITAL

	2013 £000	2012 £000
Authorised, allotted, called up and fully paid		
100 Ordinary Shares shares of £1 each	-	-
	<u> </u>	<u> </u>

17. RESERVES

		Profit and loss account £000
At 1 January 2013		74
Profit for the financial year		167
		<u> </u>
At 31 December 2013		<u>241</u>

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Opening shareholders' funds	74	124
Profit/(loss) for the financial year	167	(50)
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>241</u>	<u>74</u>

ALCAN FARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

19. PENSION COMMITMENTS

Defined contribution scheme

The pension cost for the year of the defined contribution scheme was £11,844 (2012 £7,596) No contributions were outstanding as at 31 December 2013

Defined benefit scheme

The Company participates in the British Alcan Pension Plan, a multi-employer defined benefit scheme, operated by a fellow group undertaking, Alcan Aluminium UK Limited The assets of this scheme are held separately from the assets of the group

Funding policy is to contribute the amount required to provide for benefits attributed to service to date with projection of salaries to retirement The pension cost for the year was £19,666 (2012 £9,702) assessed in accordance with the advice of a qualified independent actuary

A full actuarial valuation of the British Alcan Pension Plan was carried out by William M Mercer Limited as at 31 December 2011, using the projected unit method Under the projected unit method, the current service costs will increase as the members of the scheme approach retirement For the purposes of the funding valuation it was assumed the long-term annual rate of return on investments would be 5.4% (pre-retirement and 3.4% post-retirement), future salary increases would be 4% and pensions would increase by either 2.3% or 2.6%

At 31 December 2011, the market value of the plan's assets was £986 million equating to a 78% funding of past liabilities and resulting in a deficit of £281 million From January 2006 additional contributions have been made to the scheme to rectify the deficit In light of the results of the 2008 full actuarial valuation the Company decided to increase additional contributions from £18 million to £47 million per annum In 2011 £22m was paid into the scheme to eliminate the deficit attributable to employees of businesses that had been sold In recognition of this the regular deficit reduction payments were reduced with effect from July 2011 from £47m to £43m per annum and this amount was paid in 2012 Deficit reduction payments would have continued at a similar level in 2013 however there was a major reorganisation of the pension fund as at 28 February 2013 with the assets and liabilities relating to non active members being transferred to the Rio Tinto 2009 pension plan An actuarial valuation prepared following this transfer at 28 February 2013 valued pension fund assets at £52,800,000 and estimated past service pension liabilities of £42,900,000 equating to a funding level of 123% As a result of this additional deficit reduction contributions have ceased with effect from March 2013

The Company is unable to identify its share of the scheme's underlying assets and liabilities on a consistent and reasonable basis and therefore accounts for its participation in the scheme under FRS17 'Retirement benefits' as a defined contribution scheme

Full FRS 17 'Retirement benefits' disclosures are included in the financial statements of Alcan Aluminium UK Limited

20. OPERATING LEASE COMMITMENTS

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases as follows

	2013 £000	2012 £000
Expiry date:		
Within 1 year	73	7
Between 2 and 5 years	76	118
	<u>73</u>	<u>118</u>

ALCAN FARMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

21. POST BALANCE SHEET EVENTS

On 4 March 2014 the freehold land and buildings of the Company were sold. All of the remaining assets will be sold during 2014. The sales have realised amounts in excess of book value and a profit on sale will be reported in the 2014 accounts. Following these sales the Company will cease to trade and the directors will consider its future options.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is British Alcan Aluminium Plc. The ultimate parent undertaking and controlling party is Rio Tinto plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Rio Tinto plc consolidated financial statements can be obtained from 2 Eastbourne Terrace, London, W2 6LG, or from the Rio Tinto website at www.riotinto.com.

The Company has taken advantage of the exemption granted by FRS 8 and has not disclosed details of transactions with fellow group undertakings.