Associated Cold Stores and Transport Limited

Annual report

for the year ended 30 December 2006

Registered Number 553154

Associated Cold Stores and Transport Limited

Annual report

for the year ended 30 December 2006

Contents

Associated Cold Stores and Transport Limited

Directors and Advisors for the year ended 30 December 2006

Directors
M Johnstone
D W Brookes

Secretary
M D Conway

Auditors
Moore Stephens LLP
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Warwick Lane
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EC4M 7BP

Bankers
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EC3M 1ED

Registered Office
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Linton
Near Maidstone
Kent
ME17 4AB

Registered Number
553154

Associated Cold Stores and Transport Limited

Directors' report for the year ended 30 December 2006

The directors present their report and the audited financial statements of the company for the year ended 30 December 2006

Principal activities
The principal activities of the company are temperature controlled storage and distribution and dry goods warehousing

The company is a limited company, domiciled and incorporated in the United Kingdom The principal place of business is situated in Grimsby, Lincolnshire, which is different to the registered office with the address as set out on the previous page

Review of business and future developments
The profit and loss account for the year is set out on page 7

Another difficult year of trading has resulted in poorer results than expected The company's year-end financial position was satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future Measures are being implemented with a view to returning the Company to profitability within the next 18 months

Dividends
No dividends have been paid or proposed for the year ended 30 December 2006 (2005 £nil)

Financial risk management
The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk The company has in place a risk management programme that seeks to limit adverse affects on the financial performance of the company

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The company's finance department implements the policies set by the board of the directors

Credit risk
The company retains the benefit of a general lien over the stock of its customers in its possession, which serves to limit its credit risk Credit checks on potential customers are also made, if considered appropriate, before sales are made

Liquidity risk
The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions The company also has access to longer term funding from its ultimate parent undertaking, if required

Interest rate cash flow risk
The company has interest bearing liabilities Interest bearing liabilities include bank loan and overdraft balances, all of which bear interest at a floating rate Interest bearing liabilities also include hire purchase contracts that bear interest at fixed rates The company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied

The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Directors and their interests

The directors of the company at 30 December 2006 are listed on page 1 Mr M Johnstone was appointed on 23rd October 2006, Mr AJP Sharman retired on 31st January 2007 and Messrs C Codling, R Griffin and S Prowse retired on 6th April 2007

None of the directors who held office at the end of the year had any interest in the shares of the company, or other group companies, as recorded in the Register of Directors' Interests

Employees

The company's policy is to consult and discuss with employees on any matters likely to affect their interests

The company's policy is to recruit disabled workers for those vacancies that they are able to fill and to give them such training as is appropriate Should any employee become disabled, every practical effort is made to provide continuing employment

Information on matters of concern to employees is given through regular bulletins, notices and briefings, in order to achieve a common awareness of the financial and economic factors affecting the performance of the company The company has also achieved certification as an Investor in People partly in recognition of the work done in improving the awareness of its employees

Policy and practice on payment of creditors

In respect of all suppliers it is the company's policy to settle the terms of payment when agreeing the terms of the related transaction, to ensure that the suppliers are made aware of the terms and then to abide by those terms

The company's average creditor payment period at 30 December 2006 was 50 days (2005 42 days)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that suitable accounting policies have been used and applied consistently They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 December 2006, that applicable accounting standards have been followed, that the financial statements have been prepared on the going concern basis and that the financial statements comply with IFRS as adopted for use in the European Union

The directors are responsible for keeping proper accounting records that 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 1985 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

Associated Cold Stores and Transport Limited

Auditors and disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The auditors, Moore Stephens LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the forthcoming annual general meeting

By order of the Board

Company Secretary

Independent Auditors' report to the members of Associated Cold Stores and Transport Limited

We have audited the financial statements for Associated Cold Stores and Transport Limited for the year ended 30 December 2006, which are set out on pages 7 to 27 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our 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 auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) are set out in the Statement of Directors' Responsibilities

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

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

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

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

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

Associated Cold Stores and Transport Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Moore Stephens LLP

Moore Stephens LLP
Chartered Accountants and Registered Auditors
London

18th May 2007

Associated Cold Stores and Transport Limited

Income Statement for the year ended 30 December 2006

	Note	2006	2005
		£	£
Revenue	1	**27,368,629**	28,606,019
Cost of sales		**(23,289,019)**	(24,551,283)
Gross profit		**4,079,610**	4,054,736
Administrative expenses		**(4,841,954)**	(5,114,464)
Operating loss	2	**(762,344)**	(1,059,728)
Finance costs	5	**(310,860)**	(333,236)
Loss on ordinary activities before taxation		**(1,073,204)**	(1,392,964)
Taxation	6	**388,526**	543,292
Loss for the period attributable to equity shareholders		**(684,678)**	(849,672)

All of the operations included in the profit and loss account above relate to continuing operations

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents

The company has no recognised income and expense other than the amounts above and therefore no separate statement of recognised income and expense has been prepared

Associated Cold Stores and Transport Limited

Statement of changes in shareholders' equity for the year ended 30 December 2006

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2005	9,000,000	4,907,898	13,907,898
Net loss for the year		(849,672)	(849,672)
At 31 December 2005	**9,000,000**	**4,058,226**	**13,058,226**
Net loss for the year	-	(684,678)	(684,678)
At 30 December 2006	**9,000,000**	**3,373,548**	**12,373,548**

Associated Cold Stores and Transport Limited

Balance sheet as at 30 December 2006

	Note	2006 £	2005 Restated £
Non-current assets			
Property, plant and equipment	7	**19,413,602**	20,587,006
Current assets			
Inventories	8	**182,108**	208,752
Trade and other receivables	9	**5,587,147**	5,259,102
Cash and cash equivalents		**2,139**	4,690
Total current assets		**5,771,394**	5,472,544
Current liabilities			
Trade and other payables	10	**4,356,913**	4,124,534
Financial liabilities borrowings	11	**3,425,198**	3,734,877
Amounts due to group undertakings	12	**1,117**	100,587
Total current liabilities		**7,783,228**	7,959,998
Net current liabilities		**(2,011,834)**	(2,487,454)
Total assets less current liabilities		**17,401,768**	18,099,552
Non current liabilities			
Financial liabilities borrowings	11	**1,950,090**	1,597,498
Amounts due to group undertakings	12	**1,629,852**	1,629,852
Deferred income tax liabilities	13	**1,234,987**	1,623,513
Provisions	14	**213,291**	190,463
Total non-current liabilities		**5,028,220**	5,041,326
Net assets		**12,373,548**	13,058,226
Equity			
Called up share capital	15	**9,000,000**	9,000,000
Retained earnings		**3,373,548**	4,058,226
Total shareholders' equity		**12,373,548**	13,058,226

The financial statements on pages 7 to 27 were approved by the board of directors on and were signed on its behalf by

M Johnstone DW Brookes

Associated Cold Stores and Transport Limited

Cash Flow Statement for the year ended 30 December 2006

	Note	2006	2005
		£	£
Cash flows from operating activities			
Cash generated from operations	20	**2,121,162**	2,534,639
Interest paid		**(310,860)**	(333,236)
Net cash flow from operating activities		**1,810,302**	2,300,726
Cash flows from investing activities			
Purchase of property, plant and equipment		**(358,586)**	(263,606)
Proceeds from sale of property, plant and equipment	20	**25,502**	85,320
Net cash used in investing activities		**(333,084)**	(178,286)
Cash flows from financing activities			
Net movement in intra group loans		**(99,470)**	99,323
Proceeds from new borrowings		**1,000,000**	-
Repayment of borrowings		**(1,879,137)**	(1,688,079)
Net cash used in financing activities		**(978,607)**	(1 688 079)
Net increase in cash and cash equivalents		**498,611**	434,361
Cash and cash equivalents at beginning of period		**(1,959,835)**	(2,394,196)
Cash and cash equivalents at end of period		**(1,461,224)**	(1,959,835)

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts repayable on demand These overdrafts are excluded from the definition of cash and cash equivalents disclosed on the balance sheet Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts

Cash at bank and in hand	**2,137**	4,690
Bank overdrafts	**(1,463,361)**	(1,964,525)
Net cash flow from operating activities	**(1,461,224)**	(1,959,835)

Accounting policies

The principal accounting policies in the presentation of these financial statements are set out below These policies have been consistently applied to all years, unless otherwise stated

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU

The financial statements have been prepared on the historical cost basis, where cost includes the deemed cost of property on transition to IFRS

The following standards and interpretations are in issue but not in force for the year ended 30 December 2006

- IFRS 7 Financial instruments disclosure
- IFRS 8 Operating segments
- IFRIC 7 Applying the restatement approach under IAS29
- IFRIC 8 Scope of IFRS 2 Share-based payment
- IFRIC 9 Reassessment of embedded derivatives
- IFRIC 10 Interim financial reporting and impairment
- IFRS 11 Group and treasury share transactions
- IFRIC 12 Service concession arrangements
- IAS 1 Revision re Changes in capital disclosures

The directors do not expect the new standards and interpretations, or the revisions to existing standards, to have any impact upon the primary financial statements

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes

Revenue, other than for handling goods, is recognised at the point of raising an invoice in respect of that activity Revenue for handling is recognised at the point that the goods are actually handled

Foreign currency translation
The financial statements are presented in Sterling which is the company's functional and presentation currency Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date

Inventories
Inventories are stated at the lower of cost, assessed on a FIFO basis, and net realisable value Provision has been made for obsolete and slow moving items where necessary

Property, plant and equipment
All property, plant and equipment is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment Cost includes expenditure that is directly attributable to the acquisition of these assets

On transition to IFRS, the company has followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably Repairs and maintenance are charged to the income statement during the financial period in which they are incurred

No depreciation is provided on freehold land Depreciation of other fixed assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives, which are as follows

Land & Buildings -	
Freehold buildings	10 - 40 years
Long leasehold buildings	period of lease
Short leasehold buildings	period of lease
Plant & Machinery -	
General Plant and machinery	4 - 24 years
Motor vehicles	4 - 10 years
Fixtures & Fittings	4 - 24 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the income statement

Impairment of Assets
Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use, where the value in use is measured based on the future discounted cash flows ('DCF') For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units)

A number of significant assumptions and estimates are involved in using DCF models to forecast operating cash flows, for example with respect to factors such as market growth rates, revenue volumes, capital expenditures and working capital requirements Forecasts of future cash flows are based on the best estimates of future revenues and operating expenses using historical trends, general market conditions and other available information These assumptions are subject to review by management and the Board of Directors The cash flow forecasts are adjusted by an appropriate discount rate derived from the Company's cost of capital at the date of the evaluation

Trade receivables
Trade receivables are carried at original invoice amount less provision made for impairment of these receivables A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms The amount of the provision is recognised in the income statement

Cash and cash equivalents
Cash and cash equivalents comprise deposits with banks and other bank and cash balances For the purposes of the cash flow statement cash equivalents include bank overdrafts In the balance sheet, bank overdrafts are included in borrowings in current liabilities

Finance and operating leases
Leases of property, plant and equipment, where the company has substantially all the risks and rewards of ownership, are classified as finance leases Finance leases are capitalised at the lease's inception at the lower of fair value of the leased asset and the present value of the minimum lease payments Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding The corresponding rental obligations, net of finance charges, are included in Financial liabilities borrowings The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period The property, plant and equipment acquired under finance leases is depreciated over the useful lives of equivalent owned assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease

Borrowings
Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible

Following a review of the nature of the current tax liability, this balance has been reclassified on the Balance Sheet as an inter company creditor As this balance stems from the operation of group relief, such monies are owed to our parent company, rather than the UK tax authorities Further our parent company has confirmed that there is no requirement to remit this amount within the next year and that therefore this should be treated as a long-term creditor

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Pension costs
The company is a member of a group defined contribution scheme and group defined benefit schemes

In respect of the defined benefit pension schemes it is not possible to identify this company's share of the underlying assets and liabilities on a consistent and reliable basis Contributions to the group's defined benefit schemes are assessed by a qualified actuary based on the cost of providing pensions across all participating group companies These costs are attributed to individual group operating undertakings and contributions are charged to the profit and loss account in the period in which they become payable

The contributions to defined contribution schemes are recognised as an expense in the income statement as incurred

Associated Cold Stores and Transport Limited

Notes to the financial statements for the year ended 30 December 2006

1 Revenue

The directors consider that the operations of the company fall into one business class, being temperature controlled storage and distribution and dry goods warehousing

	2006	2005
	£	£
Geographical segment		
United Kingdom	**26,791,267**	28,082,320
EU (other than UK)	**584,543**	518,628
USA	**2,819**	5,071
	27,368,629	28,606,019

2 Operating loss

	2006	2005
	£	£
Operating loss is stated after including:		
Staff costs	**10,268,214**	10,947,976
Depreciation of property, plant and equipment	**2,953,894**	2,755,698
Operating lease charges for the hire of plant and other assets	**1,334,787**	1,515,950
Auditor remuneration	**24,000**	24,000
Profit on disposal of tangible fixed assets	**(24,193)**	(10,697)

3 Employees

The average monthly number of persons (including executive directors) employed by the company during the year was

By activity	2006 Number	2005 Number
Management	**19**	22
Administration	**86**	83
Operations and sales	**308**	368
	413	473

	2006 £	2005 £
Employment costs (including directors' emoluments)		
Wages and salaries	**8,813,469**	9,417,085
Social security costs	**709,702**	757,102
Other pension costs	**745,043**	773,789
	10,268,214	10,947,976

4 Directors' emoluments

	2006	2005
	£	£
Aggregate emoluments including benefits	**368,910**	441,570

Retirement benefits are accruing to all of the directors under a defined benefit scheme

The key management of the company is deemed to be the Board of Directors

The above emoluments include amounts paid to the highest paid director as follows

	2006	2005
	£	£
Salary and other emoluments (including benefits in kind)	**86,526**	87,642
Pension entitlement	**27,322**	-

5 Finance costs

	2006	2005
	£	£
Interest payable on bank loans and overdrafts	**194,275**	234,915
Interest payable on finance leases	**116,585**	98,321
Finance costs	**310,860**	333,236

6 Tax on loss on ordinary activities

(a) Analysis of tax credit for the year

	2006	2005
	£	£
UK corporation tax:		
United Kingdom corporation tax at 30% (2005 30%)	-	(70,363)
Adjustment in respect of previous years	-	(105)
	-	(70,468)
Deferred tax:		
Reversal of timing differences	388,526	618,499
Other timing differences	-	(4,739)
	388,526	613,760
Tax credit on loss on ordinary activities	388,526	543,292

(b) Factors affecting the tax credit for the year

	2006	2005
	£	£
Loss on ordinary activities before tax	(1,073,204)	(1,392,964)
Expected tax on ordinary activities at the standard rate of UK corporation tax of 30% (2005 30%)	(321,961)	(417,889)
Effects of		
Group relief claimed for no consideration	(76,554)	(175,372)
Permanent differences	9,989	49,969
Total tax credit for the year	(388,526)	(543,292)

7 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost or deemed cost				
At 1 January 2005	16,815,267	27,913,533	4,038,757	48,767,557
Additions	-	1,006,497	171,396	1,177,893
Disposals	-	(379,001)	(76,303)	(455,304)
At 31 December 2005	16,815,267	28,541,029	4,133,850	49,490,146
Additions	-	1,457,548	324,251	1,781,799
Disposals	-	(444,196)	(406,964)	(851,160)
At 30 December 2006	**16,815,267**	**29,554,381**	**4,051,137**	**50,420,785**
Depreciation				
At 1 January 2005	8,145,563	16,502,122	1,880,438	26,528,123
Charge for the year	620,296	1,637,057	498,345	2,755,698
Disposals	-	(340,710)	(39,971)	(380,681)
At 31 December 2005	8,765,859	17,798,469	2,338,812	28,903,140
Charge for the year	676,571	1,774,513	502,810	2,953,894
Disposals	-	(442,887)	(406,964)	(849,851)
At 30 December 2006	**9,442,430**	**19,130,095**	**2,434,658**	**31,007,183**
Net book amount				
At 30 December 2006	**7,372,837**	**10,424,286**	**1,616,479**	**19,413,602**
At 31 December 2005	8,049,408	10,742,560	1,795,038	20,587,006

Plant and machinery includes the following amounts where the Company is a lessee under a finance lease

	2006	2005
	£	£
Cost	**4,215,338**	2,924,585
Accumulated depreciation	**(1,447,399)**	(992,505)
Net book amount	**2,767,939**	1,932,080

Impairment of assets

As a result of consecutive operating losses, a possible risk of impairment was indicated in the property, plant and equipment of both the Humberside and the Wolverhampton operations The impairment tests we performed were based upon the level of cash generated by each of these operations To identify the recoverable amounts, which are the values in use, the impairment tests have been conducted using the discounted cash-flow method Based upon these tests, the value in use of the reviewed operations, with one exception (see below), exceeded the carrying value of their attributable property, plant and equipment

For one property the future earning capability is assumed to be below the below the carrying value of its assets by £117,104 and the charge for the year has been adjusted to reflect this

8 Inventories

	2006	2005
	£	£
Raw materials and consumables	**182,108**	208,752

The company consumed £208,752 (2005 £237,507) of inventories during the year There were no write-downs of inventory (2005 £Nil)

9 Trade and other receivables

	2006	2005
	£	£
Amounts falling due within one year		
Trade receivables	**4,907,743**	4,448,895
Prepayments and accrued income	**679,404**	810,207
	5,587,147	5,259,102

The company retains the benefit of a general lien over most of the stock of its customers in its possession, which serves to limit its credit risk Credit checks on potential customers are also made, if considered appropriate, before sales are made

10 Trade and other payables

	2006	2005
	£	£
Trade payables	**2,617,228**	2,436,522
Accruals and deferred income	**1,183,102**	1,047,024
Other taxation and social security payable	**556,583**	640,988
	4,356,913	4,124,534

11 Financial liabilities - borrowings

	2006	2005
	£	£
Current		
Bank loans and overdrafts	**2,672,481**	3,173,645
Finance lease obligations	**752,717**	561,232
	3,425,198	3,734,877

	2006	2005
	£	£
Non current		
Bank loans	**93,140**	302,260
Finance lease obligations	**1,856,950**	1,295,238
	1,950,090	1,597,498

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default

The repayment of non current bank loans is as follows

	2006	2005
	£	£
Between one and two years	**93,140**	302,260
Between two and five years	**-**	-
	93,140	302,260

Bank loans and overdrafts are secured by a floating charge over all assets of the Company The lender can recall overdrafts without notice

Finance lease liabilities – minimum lease payments

	2006	2005
	£	£
In one year or less	**897,275**	669,539
Between one and five years	**2,049,880**	1,428,709
	2,947,155	2,098,248
Future finance charges on finance leases	**(337,489)**	(241,778)
	2,609,666	1,856,470

Finance charges on finance leases are fixed at the inception of the lease and are generally in line with borrowing rates on bank loans
All finance leases include an option to purchase the relevant asset at the end of the term of the lease at nominal amount

Finance lease liabilities – present values

	2006	2005
	£	£
In one year or less	**752,716**	561,232
Between one and five years	**1,856,950**	1,295,238
	2,609,666	1,856,470

The rates of interest payable by the Company ranged between

	2006	2005
	£	£
Overdrafts	**5.0%**	4 5%
Bank loans	**6 0%**	5 5%

12 Related party transactions

	2006 £	2005 £
Current loans from parent company		
At 1 January	**100,587**	1,265
Loans received during the year	**751,117**	550,000
Loans repaid during the year	**(850,587)**	(450,678)
At 31 December	**1,117**	100,587

Current loans from the parent company are unsecured and the repayment terms are agreed at the inception of the loan For the periods covered by this report all current loans were repayable within 12 months

	2006 £	2005 Restated £
Non current loans from parent company		
At 1 January	**1,629,852**	1,629,852
Loans received during the year	-	-
Loans repaid during the year	-	-
At 31 December	**1,629,852**	1,629,852

Non current loans from the parent company are unsecured and are not repayable within 12 months

13 Deferred tax

	2006 £	2005 £
At 1 January	**1,623,513**	2,237,273
Credited to the income statement	**(388,526)**	(613,760)
At 30 December 2006	**1,234,987**	1,623,513

The movement in deferred tax assets and liabilities during the year is set out below

	Accelerated capital allowances	Other	Total
	£	£	£
Deferred tax liabilities			
At 1 January	1,710,748	(87,235)	1,623,513
(Credited)/charged to the income statement	(388,526)	-	(388,526)
At 30 December 2006	**1,322,222**	**(87,235)**	**1,234,987**

There are no amounts of unprovided deferred tax

14 Provisions for other liabilities and charges

	2006	2005
	£	£
At 1 January	190,463	192,838
Charged/(credited) to the income statement	22,828	(2,375)
At 31 December	**213,291**	190,463

The provision for other liabilities and charges is £192,991 (2006 £190,463) in respect of holiday pay earned but not yet paid and £20,300 (2006 Nil) in respect of a provision for the impairment of assets

15 Share capital

	2006	2005
	£	£
Authorised, allotted, called up and fully paid		
9,000,000 ordinary shares of £1 each	**9,000,000**	9,000,000

16 Pensions

The pension cost charge for the year is disclosed as 'other pension costs' in note 3

Linton Park plc, the immediate holding company of Associated Cold Stores & Transport Limited, operates a defined contribution and funded defined benefit pension scheme The scheme's assets are administered by trustees and are kept separate from those of the group Contributions to the defined contribution scheme are charged to the income statement when payable

The pension costs for the defined benefit scheme are assessed in accordance with the advice of qualified independent actuaries A full actuarial valuation of the Linton Park Group Pension scheme was last undertaken on the 31 December 2005 and updated on 30 March 2007 showing a deficit of £1,120,000 On 31 December 2006 the market value of assets was £66 2 million Full details of the actuarial valuation of the group scheme are contained in the notes to the financial statements of Linton Park plc

The company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and has consequently accounted for the scheme as if it were a defined contribution scheme, as permitted by the early adoption of the amendment to IAS19

At 30 December 2006 the company had accrued unpaid contributions of £95,320 (2005 Nil)

17 Commitments

	2006	2005
	£	£
Future capital expenditure		
Contracted but not provided for	**259,000**	152,000

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	2006	2005
	£	£
Not later than 1 year	**244,865**	268,963
Later than 1 year and not later than 5 years	**968,130**	1,483,492
Later than 5 years	**4,831,111**	5,412,554
	6,044,106	7,165,009

The lease arrangements for plant and machinery have various terms, escalation clauses and renewal rights

18 Contingencies

In previous years the company had entered into a cross guarantee with Associated Fisheries Limited in respect of advances and borrowings from HSBC Bank plc This guarantee no longer exists, as a result as at 30 December 2006 there were no liabilities in respect of this agreement (2005 Nil)

19 Ultimate and immediate parent companies

The parent company is Linton Park plc, which is registered in England and Wales and the senior parent company that produces consolidated accounts is Camellia plc which is registered in England and Wales

Copies of the Camellia plc report and accounts prepared in accordance with International Reporting Standards can be obtained from Linton Park, Linton, near Maidstone, Kent, ME17 4AB

The ultimate controlling party is the Camellia Foundation, a Bermudian Trust

20 Cash generated from operations

	2006	2005
	£	£
Loss on ordinary operations before taxation	**(1,073,204)**	(1,392,964)
Adjustments for		
Depreciation	**2,953,894**	2,755,698
Profit on the sale of property, plant and equipment	**(24,193)**	(10,697)
Interest expense	**310,860**	333,236
Changes in working capital		
Inventories	**26,644**	28,755
Trade and other receivables	**(328,045)**	1,347,952
Trade and other payables	**255,206**	(527,341)
At 31 December	**2,121,162**	2,534,639

In the cash flow statement, proceeds from the sale of property, plant and equipment comprise

	2006	2005
	£	£
Cost value of disposals of property, plant and equipment	**851,160**	455,304
Accumulated depreciation of disposals of property, plant and equipment	**(849,851)**	(380,681)
Net book amount	**1,309**	74,623
Profit on the sale of property, plant and equipment	**24,193**	10,697
Proceeds from the sale of property, plant and equipment	**25,502**	85,320