

**Associated Cold Stores and Transport
Limited
Annual report
for the year ended 29 December 2007**

Registered Number 553154

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Associated Cold Stores and Transport Limited

Annual report

for the year ended 29 December 2007

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Associated Cold Stores and Transport Limited

Directors and Advisors for the year ended 29 December 2007

Directors

M Johnstone

C Robinson

S Tomlinson

Secretary

M D Conway

Auditors

Moore Stephens LLP

St Paul's House

Warwick Lane

London

EC4M 7BP

Bankers

HSBC Bank plc

Eastcheap

London

EC3M 1ED

Registered Office

Linton Park

Linton

Near Maidstone

Kent

ME17 4AB

Registered Number

553154

Associated Cold Stores and Transport Limited

Directors' report for the year ended 29 December 2007

The directors present their report and the audited financial statements of the company for the year ended 29 December 2007

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

Business associated with core activities did not significantly change from the previous year. However, underlying this was a substantial reorganisation, to reposition the company in the challenging market, which had resulted in losses being incurred in previous years, the cost of which is disclosed separately in the income statement. With the advent of power and fuel price inflation, commercial solutions have been created to accommodate this risk. This, together with the realignment in operating costs, places the business in a stronger position going forwards.

Dividends

No dividends have been paid or proposed for the year ended 29 December 2007 (2006: £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 effects 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

Associated Cold Stores and Transport Limited

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 current directors of the company are listed on page 1. Mr C Robinson was appointed on 1st May 2007, Mr AJP Sharman retired on 31st January 2007, Messrs C Codling, R Griffin and S Prowse retired on 6th April 2007 and Mr D Brookes resigned on 26th March 2008. Mr S Tomlinson was appointed on 18th July 2008.

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 29 December 2007 was 47 days (2006: 50 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 29 December 2007, 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.

Associated Cold Stores and Transport Limited

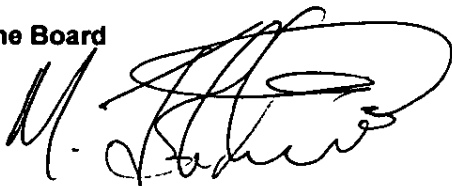
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

A handwritten signature in black ink, appearing to be 'M. Sturges', written over a horizontal line.

Managing Director

Associated Cold Stores and Transport Limited

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 29 December 2007, which are set out on pages 7 to 29. 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 29 December 2007 and of its profit 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

12th September 2008

Associated Cold Stores and Transport Limited

Income Statement for the year ended 29 December 2007

	Note	2007 £	2006 £
Revenue	1	26,980,542	27,368,629
Cost of sales		(22,443,729)	(23,289,019)
Gross profit		4,536,813	4,079,610
Administrative expenses		(4,367,341)	(4,841,954)
Operating profit/(loss) from normal activities		169,472	(762,344)
Exceptional reorganisation costs	2a	(667,155)	-
Operating loss	2	(497,683)	(762,344)
Finance costs	5	(303,747)	(310,860)
Loss on ordinary activities before taxation		(801,430)	(1,073,204)
Taxation	6	1,244,823	388,526
Profit/(loss) for the period attributable to equity shareholders		443,393	(684,678)

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 profit 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 29 December 2007

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2006	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
Net profit for the year	-	443,393	443,393
At 29 December 2007	9,000,000	3,816,941	12,816,941

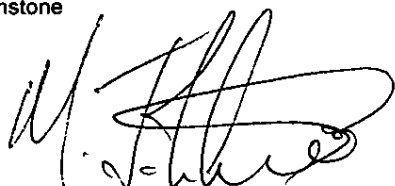
Associated Cold Stores and Transport Limited

Balance sheet as at 29 December 2007

	Note	2007 £	2006 £
Non-current assets			
Property, plant and equipment	7	17,289,333	19,413,602
Deferred tax assets	13	9,836	-
Total Non-current Assets		17,299,169	19,413,602
Current assets			
Inventories	8	157,509	182,108
Trade and other receivables	9	5,060,558	5,587,147
Cash and cash equivalents		2,276	2,139
Total current assets		5,220,343	5,771,394
Current liabilities			
Trade and other payables	10	3,717,202	4,529,604
Financial liabilities borrowings	11	2,707,935	3,425,198
Amounts due to group undertakings	12	-	1,117
Provisions for liabilities	14	122,500	40,600
Total current liabilities		6,547,637	7,996,519
Net current liabilities		(1,327,294)	(2,225,125)
Total assets less current liabilities		15,971,875	17,188,477
Non current liabilities			
Financial liabilities borrowings	11	1,525,082	1,950,090
Amounts due to group undertakings	12	1,629,852	1,629,852
Deferred income tax liabilities	13	-	1,234,987
Total non-current liabilities		3,154,934	4,814,929
Net assets		12,816,941	12,373,548
Equity			
Called up share capital	15	9,000,000	9,000,000
Retained earnings		3,816,941	3,373,548
Total shareholders' equity		12,816,941	12,373,548

The financial statements on pages 7 to 29 were approved by the board of directors on 5 September 2008 and were signed on its behalf by

M Johnstone



Associated Cold Stores and Transport Limited

Cash Flow Statement for the year ended 29 December 2007

	Note	2007 £	2006 £
Cash flows from operating activities			
Cash generated from operations	20	2,366,006	2,121,162
Interest paid		(303,747)	(310,860)
Net cash flow from operating activities		2,062,259	1,810,302
Cash flows from investing activities			
Purchase of property, plant and equipment		(549,251)	(358,586)
Proceeds from sale of property, plant and equipment	20	63,904	25,502
Net cash used in investing activities		(485,347)	(333,084)
Cash flows from financing activities			
Net movement in intra group loans		(1,117)	(99,470)
Proceeds from new borrowings		-	1,000,000
Repayment of borrowings		(2,004,195)	(1,879,137)
Net cash used in financing activities		(2,005,312)	(978,607)
Net (decrease)/increase in cash and cash equivalents		(428,400)	498,611
Cash and cash equivalents at beginning of period		(1,461,224)	(1,959,835)
Cash and cash equivalents at end of period		(1,889,624)	(1,461,224)

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	2,276	2,137
Bank overdrafts	(1,891,900)	(1,463,361)
	(1,889,624)	(1,461,224)

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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 29 December 2007:

- 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.

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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 asset's 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.

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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.

Associated Cold Stores and Transport Limited

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.

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Notes to the financial statements for the year ended 29 December 2007

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

	2007	2006
	£	£
Geographical segment		
United Kingdom	26,657,456	26,781,267
EU (other than UK)	323,086	584,543
USA	-	2,819
	26,980,542	27,368,629

2 Operating loss

	2007	2006
	£	£
Operating loss is stated after including:		
Staff costs	9,635,327	10,268,214
Depreciation of property, plant and equipment	2,966,249	2,953,894
Operating lease charges for the hire of plant and other assets	956,225	1,334,787
Auditor remuneration	24,000	24,000
Loss/(Profit) on disposal of tangible fixed assets	76,752	(24,193)

2a Reorganisation costs

	2007	2006
	£	£
Consultancy fees paid to third parties	184,761	-
Staff termination costs	482,394	-
	667,155	-

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3 Employees

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

By activity	2007 Number	2006 Number
Management	16	19
Administration	72	86
Operations and sales	289	308
	377	413

	2007 £	2006 £
Employment costs (including directors' emoluments)		
Wages and salaries	8,338,275	8,813,469
Social security costs	666,144	709,702
Other pension costs	630,908	745,043
	9,635,327	10,268,214

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4 Directors' emoluments

	2007 £	2006 £
Aggregate emoluments including benefits	481,692	368,910
Compensation for loss of office	58,387	-
Defined benefit scheme pension contributions	16,615	42,239
Defined contribution scheme pension contributions	4,400	-

No retirement benefits are accruing to the directors under the defined benefit scheme (2006 4)

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

	2007 £	2006 £
Salary and other emoluments (including benefits in kind)	104,986	86,526
Pension entitlement	3,000	27,322

5 Finance costs

	2007 £	2006 £
Interest payable on bank loans and overdrafts	158,007	194,275
Interest payable on finance leases	145,740	116,585
Finance costs	303,747	310,860

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6 Tax on loss on ordinary activities

(a) Analysis of tax credit for the year

	2007 £	2006 £
Deferred tax:		
Reversal of timing differences	(1,244,823)	(388,526)
	-	
Tax credit on loss on ordinary activities	(1,244,823)	(388,526)

(b) Factors affecting the tax credit for the year

	2007 £	2006 £
Loss on ordinary activities before tax	(801,430)	(1,073,204)
Expected tax on ordinary activities at the standard rate of UK corporation tax of 30% (2006 30%)	(240,430)	(321,961)
Effects of		
Group relief claimed for no consideration	(595,715)	(76,554)
Permanent differences	92,459	9,989
Removal of Industrial Buildings allowance	(501,840)	-
Corporation tax rate change	703	-
Total tax credit for the year	(1,244,823)	(388,526)

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7 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost or deemed cost				
At 1 January 2006	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
Additions	-	613,468	369,168	982,636
Disposals	(287,158)	(2,780,195)	(499,221)	(3,566,574)
At 29 December 2007	16,528,109	27,387,654	3,921,084	47,836,847
Depreciation				
At 1 January 2006	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
Charge for the year	598,946	1,802,186	565,117	2,966,249
Disposals	(287,158)	(2,641,232)	(497,528)	(3,425,918)
At 29 December 2007	9,754,218	18,291,049	2,502,247	30,547,514
Net book amount				
At 29 December 2007	6,773,891	9,096,605	1,418,837	17,289,333
At 31 December 2006	7,372,837	10,424,286	1,616,479	19,413,602

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

	2007 £	2006 £
Cost	3,838,765	4,215,338
Accumulated depreciation	(1,467,788)	(1,447,399)
Net book amount	2,370,977	2,767,939

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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 exceeded the carrying value of their attributable property, plant and equipment. In light of this no adjustment for impairment is deemed necessary (2006 £117,104)

8 Inventories

	2007 £	2006 £
Raw materials and consumables	157,509	182,108

The company consumed £182,108 (2006 £208,752) of inventories during the year. There were no write-downs of inventory (2006 £Nil)

9 Trade and other receivables

	2007 £	2006 £
Amounts falling due within one year		
Trade receivables	4,399,129	4,907,743
Prepayments and accrued income	661,429	679,404
	5,060,558	5,587,147

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.

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10 Trade and other payables

	2007 £	2006 £
Trade payables	2,345,847	2,617,228
Accruals and deferred income	890,099	1,355,793
Other taxation and social security payable	481,256	556,583
	3,717,202	4,529,604

11 Financial liabilities - borrowings

	2007 £	2006 £
Current		
Bank loans and overdrafts	1,985,041	2,672,481
Finance lease obligations	722,894	752,717
	2,707,935	3,425,198

	2007 £	2006 £
Non current		
Bank loans	-	93,140
Finance lease obligations	1,525,082	1,856,950
	1,525,082	1,950,090

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

	2007 £	2006 £
Between one and two years	-	93,140

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

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Finance lease liabilities – minimum lease payments

	2007 £	2006 £
In one year or less	856,459	897,275
Between one and five years	1,680,583	2,049,880
	2,537,042	2,947,155
Future finance charges on finance leases	(289,066)	(337,489)
	2,247,976	2,609,666

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

	2007 £	2006 £
In one year or less	722,894	752,716
Between one and five years	1,525,082	1,856,950
	2,247,976	2,609,666

The rates of interest payable by the Company were

	2007 £	2006 £
Overdrafts	5.5%	5 0%
Bank loans	6.5%	6 0%

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12 Related party transactions

	2007 £	2006 £
Current loans from parent company		
At 1 January	1,117	100,587
Loans received during the year	750,000	751,117
Loans repaid during the year	(751,117)	(850,587)
At 31 December	-	1,117

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.

	2007 £	2006 £
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.

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13 Deferred tax

	2007 £	2006 £
At 1 January 2007	1,234,987	1,623,513
Credited to the income statement	(1,244,823)	(388,526)
At 29 December 2007	(9,836)	1,234,987

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	1,322,222	(87,235)	1,234,987
(Credited)/charged to the income statement	(1,250,639)	5,816	(1,244,823)
At 29 December 2007	71,583	(81,419)	(9,836)

There are no amounts of unprovided deferred tax

14 Provision for liabilities

	2007 £	2006 £
At 1 January	40,600	190,463
Reclassified as accrual	-	(190,463)
Charged/(credited) to the income statement	81,900	40,600
At 31 December	122,500	40,600

The provision for liabilities of £122,500 (2006 £ nil) is in respect of a provision for an onerous lease. In 2006 the provision of £40,600 was in respect of the impairment of assets. Holiday pay earned but not yet paid of £178,351 (2006 £192,991) has been reclassified as an accrual, within trade and other payables.

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15 Share capital

	2007	2006
	£	£
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 2006 and updated on 30 March 2007 showing a deficit of £1,120,000. On 31 December 2007 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 29 December 2007 the company had accrued unpaid contributions of £95,320 (2007: Nil).

The company also operates a defined contribution scheme. The charge to the income statement for the year ended 31 December 2007 was £9,899 (2006: £ nil).

17 Commitments

	2007	2006
	£	£
Future capital expenditure		
Contracted but not provided for	295,097	259,000

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

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	2007	2006
	£	£
Not later than 1 year	99,579	244,865
Later than 1 year and not later than 5 years	664,284	968,130
Later than 5 years	3,757,104	4,831,111
	4,520,967	6,044,106

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

18 Financial Instruments

Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance. The capital structure of the company consists of debt, which includes the borrowings disclosed in note 11, cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

Categories of financial instruments

The company's principal financial liabilities comprise bank overdrafts, amounts due to fellow subsidiary companies and trade payables. The main purpose of these financial liabilities is to provide working capital for the company. The company's financial assets consist of trade and other receivables and cash and cash equivalents.

	2007	2006
	£	£
Financial Assets		
Cash and cash equivalents	2,276	2,139
Trade and other receivables	4,399,129	4,907,743
	4,401,405	4,909,882

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18 Financial Instruments (continued)

	2007	2006
	£	£
Financial Liabilities		
Trade and other payables	2,827,103	3,173,811
Borrowings	4,139,875	5,375,288
	<u>6,966,978</u>	<u>8,549,099</u>

Financial risk management objectives

The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which is summarised below.

Interest rate risk

The company's exposure to the risk of changes in market interest rates relates to the company's overdrafts at floating interest rates.

A 1% change in interest rates, using the company's year end overdraft balance as representative of the whole year would increase/reduce the company's profit before tax by £18,919.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual warehouse customer is limited by the warehouse keeper's lien. At the year end five customers accounted for 49% of the total trade receivable balance and £2,167,000 was past due but not impaired.

Liquidity Risk

The company manages its liquidity risk through the preparation of cash flow projections and the monitoring of accounts receivables. It has access to banking facilities and inter-company funding so as to ensure that it has sufficient funds available to operate.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December based upon contractual undiscounted payments.

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18 Financial Instruments (continued)

2007	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	£	£	£	£	£
Interest bearing borrowings	1,891,900	180,724	542,170	1,525,081	4,139,875
Trade and other payables	-	2,827,103	-	-	2,827,103
	<u>1,891,900</u>	<u>3,007,827</u>	<u>542,170</u>	<u>1,525,081</u>	<u>6,966,978</u>
	<u><u>1,891,900</u></u>	<u><u>3,007,827</u></u>	<u><u>542,170</u></u>	<u><u>1,525,081</u></u>	<u><u>6,966,978</u></u>
2006	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	£	£	£	£	£
Interest bearing borrowings	2,672,481	188,179	564,538	1,950,090	5,375,288
Trade and other payables	-	3,173,811	-	-	3,173,811
	<u>2,672,481</u>	<u>3,361,990</u>	<u>564,538</u>	<u>1,950,090</u>	<u>8,549,099</u>
	<u><u>2,672,481</u></u>	<u><u>3,361,990</u></u>	<u><u>564,538</u></u>	<u><u>1,950,090</u></u>	<u><u>8,549,099</u></u>

At 29th December 2007, the company had undrawn agreed overdraft facilities of £358,100

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 Financial 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

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20 Cash generated from operations

	2007 £	2006 £
Loss on ordinary operations before taxation	(801,430)	(1,073,204)
Adjustments for		
Depreciation	2,966,249	2,953,894
Profit on the sale of property, plant and equipment	76,752	(24,193)
Interest expense	303,747	310,860
Changes in working capital		
Inventories	24,599	26,644
Trade and other receivables	526,589	(328,045)
Trade and other payables	(730,500)	255,206
At 31 December	2,366,006	2,121,162

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

	2007 £	2006 £
Cost value of disposals of property, plant and equipment	3,566,574	851,160
Accumulated depreciation of disposals of property, plant and equipment	(3,425,918)	(849,851)
Net book amount	140,656	1,309
Profit / (Loss) on the sale of property, plant and equipment	(76,752)	24,193
Proceeds from the sale of property, plant and equipment	63,904	25,502