Company Registration No. 00557743

Bakkavör Overseas Limited

Report and Financial Statements

52 weeks ended 1 January 2011

Bakkavör Overseas Limited

Report and financial statements 2010

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Bakkavör Overseas Limited

Report and financial statements 2010

Officers and professional advisers

Director

A Gudmundsson

Secretary

J Jowett	(resigned 31 March 2010)
S Kaushal	(appointed 31 March 2010, resigned 29 October 2010)

Registered Office

West Marsh Road
Spalding
Lincolnshire
PE11 2BB

Bankers

Barclays Bank PLC
10 Hall Place
Spalding
Lincolnshire
PE11 1SR

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Four Brindley Place
Birmingham, UK
B1 2HZ

Bakkavör Overseas Limited

Director's report

The director presents his annual report and the audited financial statements for the 52 week period ended 1 January 2011 Comparatives are for the 53 weeks ended 2 January 2010

Principal activity

The Company operates within the Bakkavor ehf Group ('the Group') The principal activity of the Company is that of export factors The directors are satisfied with the results and achievements in the period to 1 January 2011 and believe that the financial position of the Company is sound

The profit for the period after taxation amounted to £25,000 (53 weeks ending 2 January 2010 £159,000) Ordinary dividends of £nil (53 weeks ending 2 January 2010 £nil) were paid during the period

The statement of financial position on page 8 of the financial statements shows shareholders' funds amounting to £711,000 (53 weeks ending 2 January 2010 £686,000) Details of amounts owed to group companies are shown in note 18

The Company is financed by cash reserves and access to the group bank overdraft facility which is held by Bakkavör London Limited

On 7 February 2011, the Group refinanced its main financing facilities in Bakkavör London Limited, Bakkavör Acquisitions (2008) Limited and Bakkavör China Limited, through a seven year £350 million listed bond issue and a term loan and RCF facility of £380 million that will expire 30 June 2014 This has been done through Bakkavor Finance (2) plc, a newly incorporated subsidiary of Bakkavor Holdings Limited The refinancing extends the debt repayment profile and widens the lender base

Adequate finance facilities are considered to be available to the Company, therefore the directors have a reasonable expectation that the company can meet its liabilities as they fall due and therefore believe it appropriate to prepare the financial statements on a going concern basis

Principal risks and uncertainties

The Company is reliant on Bakkavör London Limited providing financing if required to allow the Company to meet its financial obligations Therefore the risks that Bakkavör London Limited is exposed to could indirectly impact the Company The Group remains confident in the long-term prospects for the business and our vision remains unchanged However, with continued economic uncertainty we are cautious about the short-term outlook for consumer confidence and the effect on raw material inflation and we expect the trading environment in which we operate to remain challenging into 2011 As a consequence the Group continues to maintain a very selective approach to capital investment and is looking to leverage growth from its current manufacturing base We will continue to focus on our business priorities to mitigate inflationary costs, improve operational efficiencies, increase market share and drive cash generation However, Bakkavor London Limited remains confident in the long-term prospects for its business and their vision remains unchanged

The Company's activities expose it to a number of financial risks as follows

Credit risk

The Company's credit risk is primarily with group companies and this risk is limited given the financial resources available to the group

Liquidity risk

The directors review the forecasts for the business at least half yearly to determine the level of finance required, if any, to allow the Company to meet its financial obligations

Bakkavör Overseas Limited

Director's report (continued)

Principal risks and uncertainties (continued)

Liquidity risk (continued)

When the amounts required have been determined the director ensures that adequate finance is available from cash reserves or the group bank overdraft facility to ensure that suitable liquidity levels are maintained in line with the Company's forecasts

Interest rate risk

The Company is financed by a group bank overdraft facility and the interest rates are floating The group enters into interest rate swaps to manage the risk of interest rate fluctuations on group borrowings

Foreign currency risk

The Company enters into foreign currency transactions but they are unhedged

Directors

The directors who served throughout the period and to the date of this report were as follows

A Gudmundsson
R Howes (resigned 15 October 2010)

During 2007, the Company entered into indemnity deeds containing "qualifying third party indemnity provisions", as defined in section 234 of the Companies Act 2006, with all directors in respect of certain liabilities which may attach to them in their capacity as directors or former directors of the Company These indemnity provisions remained effective at the date on which these financial statements were signed

Auditor

Each of the persons who is a director at the date of approval of these financial statements confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

A Gudmundsson

Director
27 July 2011

Director's responsibilities statement

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial period Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 2006

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The director is 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 2006 He is 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

Independent auditor's report to the members of Bakkavör Overseas Limited

We have audited the financial statements of Bakkavör Overseas Limited for the 52 weeks ended 1 January 2011 which comprise the income statement, the statement of changes in equity, the statement of financial position, statement of cash flows, and the related notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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 director and auditor

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 1 January 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 2 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB)

In our opinion the financial statements comply with IFRSs as issued by the IASB

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Bakkavör Overseas Limited (Continued)

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Jane Lodge

Jane Lodge BSc FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, UK
28 July 2011

Bakkavör Overseas Limited

Income statement
52 weeks ended 1 January 2011

Continuing activities	Note	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Revenue	4	98	1,086
Cost of sales		(23)	(899)
Gross profit		75	187
Administrative expenses		(39)	27
Operating profit and profit before taxation		36	214
Tax	8	(11)	(55)
Net profit attributable to equity holders		25	159

The accompanying notes are an integral part of this income statement

The Company has no recognised gains and losses other than the loss above and therefore no separate Statement of comprehensive income is presented

Statement of changes in equity

	Share Capital £'000	Retained earnings £'000	Total equity £'000
Balance at 27 December 2008	50	477	527
Profit for the period	-	159	159
Balance at 2 January 2010	50	636	686
Profit for the period	-	25	25
Balance at 1 January 2011	50	661	711

Bakkavör Overseas Limited

Statement of financial position
1 January 2011

	Note	1 January 2011 £'000	2 January 2010 £'000
Non-current assets			
Property, plant and equipment	9	-	-
Current assets			
Trade and other receivables	10	2,682	2,694
Deferred tax asset	11	5	6
		2,687	2,700
Total assets		2,687	2,700
Current liabilities			
Trade and other payables	13	(1,519)	(1,667)
Bank overdrafts	12	(457)	(347)
Total liabilities		(1,976)	(2,014)
Net current assets		711	686
Net assets		711	686
Equity			
Share capital	15	50	50
Retained earnings		661	636
Total equity		711	686

The financial statements of Bakkavör Overseas Limited, company number 00557743, were approved by the director and authorised for issue on 27 July 2011 They were signed by

A Gudmundsson
Director

Bakkavör Overseas Limited

Statement of cash flows
52 weeks ended 1 January 2011

	Note	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Net cash used in operating activities	16	(110)	(670)
Financing activities			
Increase in overdraft		110	194
Net decrease in cash and cash equivalents		-	(476)
Cash and cash equivalents at beginning of period		-	476
Cash and cash equivalents at end of period		-	-

1. General information

Bakkavor Overseas Limited is a Company incorporated in the United Kingdom under the Companies Act 2006 The address of the registered office is given on page 1 The Company ceased trading during the period The principal activity of the Company was that of export factors and operated within the Bakkavör Group

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates

In the current year, the Company has adopted the following interpretations with no material impact on the financial statements of the Company

IFRS 1 (Revised)	*First time adoption of International Financial Reporting Standards*
IFRS 2 (Revised)	*Share-based payment*
IFRS 3 (Revised)	*Business combinations*
IFRS 7 (Revised)	*Financial Instruments Disclosures*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 (Revised)	*Financial instruments Recognition and Measurement*
IFRIC 17	*Distributions of Non-Cash Assets to Owners*
IFRIC 18	*Transfers of Assets from Customers*

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the EU)

IFRS 9	*Financial Instruments*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 (Revised)	*Classification of Rights Issues*
IFRIC 14 (Revised)	*IAS 19 – the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IFRIC 19	*Extinguishing financial liabilities with equity instruments*
Improvements to IFRS	

The director anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation

Going concern

The Company is financed by cash reserves and access to the group bank overdraft facility which is held by Bakkavor London Limited On the 7 February 2011, the Group refinanced its main financing facilities in Bakkavor London Limited, Bakkavör Acquisitions (2008) Limited and Bakkavör China Limited, through a seven year £350 million listed bond issue and a term loan and RCF facility of £380 million that will expire 30 June 2014 This has been done through Bakkavor Finance (2) plc, a newly incorporated subsidiary of Bakkavor Holdings Limited The refinancing extends the debt repayment profile and widens the lender base

2. Significant accounting policies (continued)

Going concern (continued)

Adequate finance facilities are considered to be available to the Company Therefore the director has a reasonable expectation that the company can meet its liabilities as they fall due and therefore believe it appropriate to prepare the financial statements on a going concern basis

The principal accounting policies adopted are set out below

Accounting convention

The financial statements are prepared under the historical cost convention

Operating profit

Operating profit is stated after charging exceptional costs but before investment income and finance costs

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, VAT and other sales-related taxes

Revenue from the sale of goods is recognised when all the following conditions are satisfied

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods,
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow into the entity, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition

Property, plant and equipment

All property, plant and equipment is recorded at cost less accumulated depreciation and any recognised provision for impairment

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Plant and equipment	-	5% to 33% per annum straight line

Most plant and equipment is written off over 12 years (8 33%)

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 recognised in income

2. Significant accounting policies (continued)

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 period 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 periods and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis

Leasing transactions

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term

Impairment of tangible assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

2. **Significant accounting policies (continued)**

Impairment of tangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired The allowance recognised is measured as the difference between the asset's carrying amount and the estimated future cash flows

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities

Bank borrowings

Interest-bearing bank overdrafts are 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 accrual basis in profit or loss 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

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

2. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity

Present obligations arising from onerous contacts are recognised and measured as provisions An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it

Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency) For the purpose of the financial statements, the results and financial position of the Company are expressed in pounds sterling, which is the functional currency of the Company

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised

Foreign currencies (continued)

directly in equity For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

Notes to the financial statements (continued)
52 weeks ended 1 January 2011

3. Accountıng estımates and ȷudgements

Crıtıcal accountıng ȷudgements and key sources of estımatıon uncertaınty ın applyıng the Company's accountıng polıcıes

The preparatıon of the financıal statements ın conformıty wıth adopted IFRS requıres dırectors to make estımates and assumptıons that affect the reported amounts of the assets and lıabılıtıes at the date of the financıal statements and the reported amounts of revenue and expenses durıng the perıod then ended The dırectors base theır estımates on hıstorıcal experıence and varıous other assumptıons that are belıeved to be reasonable under the cırcumstances Actual results may dıffer from those estımates

Estımates are used ın the accountıng for allowances for uncollectıble receıvables, depreciatıon, ımpaırment, taxes and contıngencıes Estımates and assumptıons are revıewed perıodıcally and effects of revısıons are reflected ın the financıal statements ın the perıod that an adȷustment ıs determıned to be requıred

A key ȷudgement ın the preparatıon of the financıal statements ıs the approprıateness of usıng the goıng concern basıs ın preparıng them The dırector has consıdered the avaılabılıty of future cash to thıs busıness from Bakkavor London Lımıted ıf requıred and concluded that thıs wıll be avaılable to allow the Company to meet ıts financıal lıabılıtıes as they fall due Therefore the dırector belıeves ıt approprıate to prepare the financıal statements on a goıng concern basıs

4. Revenue

Turnover, whıch excludes value added tax, represents the net ınvoıced value of servıces relatıng to the prıncıpal actıvıty of the Company, provıded to ıts worldwıde customers

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Sale of servıces	-	149
Sales under contracts	98	937
	98	1,086

5. Operating profit for the period

Operating profit for the period is stated after charging

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Depreciation of owned property, plant and equipment	-	2

The analysis of auditor's remuneration is as follows

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	9	9

Fees payable to the auditor in respect of the audit of the Company's annual financial statements are borne by another group undertaking

6. Staff costs

There were no staff employed by the Company in either period

7. Director's emoluments

The Director received no emoluments for their services to the Company in either period

8. Tax

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Current tax		
UK Corporation tax	10	60
Total current tax	10	60
Deferred tax (note 11)		
Prior year		(5)
Current year	1	
Total deferred tax	1	(5)
Total tax	11	55

Corporation tax is calculated at 28% (2009 28%) of the estimated assessable profit for the period

The charge for the period can be reconciled to the profit per the income statement as follows

	52 weeks ended 1 January 2011 £'000	52 weeks ended 1 January 2011 %	53 weeks ended 2 January 2010 £'000	53 weeks ended 2 January 2010 %
Profit before tax	36	100	214	100
Tax at the UK corporation tax rate of 28% (2009 28%)	10	28	60	28
Non-deductible expenses	1	2 5	-	-
Prior year adjustment – deferred tax	-	-	(5)	(2)
Tax charge and effective tax rate for the period	11	30 5	55	26

Notes to the financial statements (continued)
52 weeks ended 1 January 2011

9. Property, plant and equipment

	Fixtures and equipment £'000
Cost	
At 27 December 2008, 2 January 2010	25
Disposal in the period	(25)
At 1 January 2011	-
Accumulated depreciation and impairment	
At 27 December 2008	(23)
Charge for the period	(2)
At 2 January 2010	(25)
Disposal in the period	25
At 1 January 2011	-
Carrying amount	
At 2 January 2010 and 1 January 2011	-

10. Trade and other receivables

	1 January 2011 £'000	2 January 2010 £'000
Amounts receivable from trade customers	282	292
Amounts receivable from related parties (note 19)	2,400	2,400
Prepayments and accrued income	-	2
	2,682	2,694

Trade receivables by currency are as follows

	1 January 2011 £'000	2 January 2010 £'000
GBP	2,400	2,402
Euro	282	292
	2,682	2,694

10. Trade and other receivables (continued)

Receivables past due amounted to £nil at 1 January 2011 (53 weeks ending 2 January 2010 £nil) No interest is charged on the receivables An allowance has been made for estimated irrecoverable amounts from sales of £nil (53 weeks ending 2 January 2010 £nil) This allowance has been determined by reference to past default experience

No receivable balances are considered to be impaired The director considers that the carrying amount of trade and other receivables approximates their fair value

11. Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period

	Accelerated tax depreciation £'000
At 27 December 2008	1
Credit to income	5
At 2 January 2010	6
Charge to income	(1)
At 1 January 2011	5

12. Bank overdrafts

	1 January 2011 £'000	**2 January 2010 £'000**
Bank overdrafts	457	347

The bank overdraft is repayable on demand and is denominated as follows

	1 January 2011 £'000	**2 January 2010 £'000**
GBP	407	193
USD	-	23
Euro	50	131
	457	347

Bakkavör Overseas Limited

Notes to the financial statements (continued)
52 weeks ended 1 January 2011

12 Bank overdrafts (continued)

There is no interest rate risk as no interest is payable on this overdraft by the Company as it forms part of the Group pooling arrangement The pooling arrangement operates for each currency and allows cash and overdraft balances for the relevant group companies to be offset in order to calculate the interest charge The directors of the Company consider the carrying value of the overdraft to be equivalent to fair value All amounts are due within one year

	2010 %	2009 %
The weighted average interest rates paid by the Group were as follows		
Bank overdrafts	3 50	5 60

13. Trade and other payables

	1 January 2011 £'000	2 January 2010 £'000
Trade payables	-	16
Amounts owed to group undertakings (note 19)	1,481	1,481
Group relief (note 19)	10	61
Other payables	10	-
Accruals and deferred income	18	109
	1,519	1,667

Trade payables by currency are as follows

	1 January 2011 £'000	2 January 2010 £'000
GBP	-	16
	-	16

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and are denominated in sterling The average credit period taken for trade purchases is 7 days (53 weeks ending 2 January 2010 7 days)

The director considers that the carrying amount of trade payables approximates to their fair value

14 Financial instruments

Categories of financial Instruments

Financial assets	1 January 2011 £'000	2 January 2010 £'000
Loans and receivables at amortised cost		
Amounts receivable from trade customers	282	292
Amounts receivable from group companies	2,400	2,400
	2,682	2,692

Financial liabilities

Other Financial liabilities at amortised cost		
Trade payables	-	16
Amounts owed to group companies	1,481	1,481
Group relief	10	61
Other creditors	10	-
	1,501	1,558

All of the Company's financial instruments are denominated in sterling

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables

The Company's credit risk is primarily attributable to its trade receivables The amounts presented in the statement of financial position are net of allowances for doubtful receivables An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

Liquidity risk

The Company manages its liquidity risk by preparing annual forecasts for the business which are reviewed at least half yearly to determine the level of finance required, if any, to allow the Company to meet its financial obligations When the amounts required have been determined the directors ensure that adequate finance is available from cash reserves or the Group bank overdraft facility to ensure that suitable liquidity levels are maintained in line with the Company's forecasts

Foreign currency risk

The Company is exposed to foreign currency risk on its US dollar and Euro transactions

During the 52 week period to 1 January 2011, the Euro weakened against sterling by 3 7%, with the closing rate at €1 1671 compared to €1 1255 at the prior period end The average rate for the 52 week period to 1 January 2011 was €1 1659, an increase of 3 8% versus prior year

14. Financial instruments (continued)

In the same period the US dollar, strengthened against sterling by 3 0%, with the closing rate at $1 5657 compared to $1 6149 at the prior period end The average rate for the period to 1 January 2011 was $1 5449, a 1 4% strengthening of the US dollar versus the prior year

Foreign currency sensitivity analysis

A sensitivity analysis has been performed on the financial assets and liabilities to a sensitivity of 10% increase/decrease in the exchange rates A 10% increase/decrease has been used, and represents management's assessment of the reasonably possible change in foreign exchange rates The sensitivity analysis includes only outstanding foreign currency denominated net monetary assets and liabilities and adjusts their translation at the period end for a 10% change in foreign currency rates A positive/(negative) number below indicates an increase/(decrease) in profit where the relevant currency weakens 10% against sterling For a 10% strengthening of the relevant currency against sterling, there would be an equal and opposite impact on the profit and other equity, and the balances below would reverse

	10% weakening	
	1 January 2011 £'000	2 January 2010 £'000
USD	-	12
Euro	(21)	(23)

15. Share capital

Authorised	1 January 2011 £'000	2 January 2010 £'000
50,000 Ordinary shares of £1 each	50	50

Allotted, called-up and fully paid	1 January 2011 No	1 January 2011 £'000	2 January 2010 No	2 January 2010 £'000
Ordinary shares of £1 each	50,000	50	50,000	50

16. Notes to the cash flow statement

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Operating profit for the period	36	214
Adjustments for		
Depreciation of property, plant and equipment	-	2
Operating cash flows before movements in working capital	36	216
Decrease in receivables	13	169
Decrease in payables	(99)	(1,081)
Cash used in operations	(50)	(696)
Income taxes received/ (paid)	(60)	26
Net cash from operating activities	(110)	(670)

17. Contingent liabilities

There were no legal claims or potential claims against the Company at the period ended 1 January 2011

18. Events after the statement of financial position date

On 7 February 2011, the Group refinanced its main financing facilities in Bakkavör London Limited, Bakkavör Acquisitions (2008) Limited and Bakkavor China Limited, through a seven year £350 million listed bond issue and a term loan and RCF facility of £380 million that will expire 30 June 2014 This has been done through Bakkavör Finance (2) plc, a newly incorporated subsidiary of Bakkavör Holdings Limited The refinancing extends the debt repayment profile and widens the lender base

19. Related party transactions

Transactions

During the period, the Company entered into the following transactions with related parties

	Sale of services		Amounts owed by related parties		Amounts owed to related parties	
	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000
Bakkavor Limited	-	-	-	-	1,491	1,542
Bakkavör Foods Limited	-	149	2,400	2,400	-	-

All transactions during the period represent funding payments and recharges

The amounts outstanding include group relief and are unsecured and will be settled in cash No guarantees have been given or claimed No provisions have been made for doubtful debts in respect of the amounts owed by related parties

20. Controlling party

The Company's ultimate parent company and ultimate controlling party is Bakkavor Group ehf, a company registered in Iceland The smallest group in which the results of the Company are consolidated is that headed by Bakkavor Holdings Limited The largest group in which the results of the Company are consolidated is that headed by Bakkavor Group ehf It has included the Company in its Group financial statements, copies of which are available from Tjarnargata 35, 101 Reyjavik, Iceland The directors consider Bakkavör Limited to be the immediate parent company