

Company Registration No. 00884013

Bakkavor Properties Limited

Report and Financial Statements

29 December 2007

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Bakkavor Properties Limited

Report and financial statements 2007

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Bakkavor Properties Limited

Report and financial statements 2007

Officers and professional advisers

Directors

J Punnett
A Gudmundsson
H Arnadottir
R Howes

Secretary

J Punnett

Registered Office

5th Floor
3 Sheldon Square
Paddington Central
London
W2 6HY

Bankers

Barclays Bank PLC
10 Hall Place
Spalding
Lincolnshire
PE11 1SR

Auditors

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

Bakkavor Properties Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 29 December 2007

Principal activities

The principal activities of the company are the maintenance of land and buildings for lease, primarily to Bakkavor Invest Limited and its subsidiary undertakings. There have not been any significant changes in the company's principal activities in the year under review. The directors are satisfied with the results and achievements in the period to 29 December 2007 and believe that the future prospects of the company are sound.

As shown in the company's income statement on page 7, the company's sales amounting to £1.4 million (2006: £3.5 million) have decreased by 63% over the prior period.

The profit for the period, after taxation, amounted to £0.2 million (2006: £2.9 million). Ordinary dividends of £nil (2006: £nil) were paid during the period.

The balance sheet on page 8 of the financial statements shows shareholders' funds amounting to £1.9 million (2006: £1.8 million). During the year a number of properties were transferred to other members of the Bakkavor group at net book value. Details of amounts owed to group companies are shown in notes 15 and 23.

Details of significant events since the balance sheet date are contained in note 22 to the financial statements.

The Bakkavor London Limited Group (the smallest set of group accounts within which the company is consolidated) manages its operations on a segmental basis. The performance of these segments is discussed in the enhanced business review of the Bakkavor London Limited group accounts, which do not form part of this report, and for this reason the company directors believe that further key performance indicators for the company are not necessary for an understanding of the development, performance or position of the business.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Charitable and political contributions

During the year the company made no charitable or political donations (2006: £nil).

Directors

The directors who served throughout the year and subsequently, were as follows:

J Punnett

A Gudmundsson

H Arnadottir (appointed 28 March 2007)

R Howes (appointed 2 November 2007)

During 2006, the Company entered into indemnity deeds containing "qualifying third party indemnity provisions", as defined in section 309B of the Companies Act 1985, with all directors in respect of certain liabilities which may attach to them in their capacity as directors or former directors of the Company.

Bakkavor Properties Limited

Directors' report (continued)

Auditors

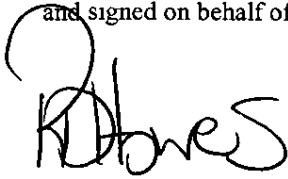
Each of the persons who is a director at the date of approval of these financial statements confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors 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 handwritten signature in black ink, appearing to read 'R Howes', with a large circular flourish at the top left.

R Howes
Secretary

22 May 2008

Bakkavor Properties Limited

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year 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 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.

Independent auditors' report to the members of Bakkavor Properties Limited

We have audited the financial statements of Bakkavör Properties Limited for the 52 weeks ended 29 December 2007 which comprise the income statement, the statement of changes in equity, the balance sheet, the cash flow statement, and the related notes 1 to 24. 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 auditors' 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 as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information in the directors' report is consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report and the other information contained in the financial statements for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the financial statements.

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 judgements 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.

Independent auditors' report to the members of Bakkavor Properties Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 29 December 2007 and of its profit for the period 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

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham, United Kingdom

23 May 2008

Bakkavor Properties Limited

Income statement

52 weeks ended 29 December 2007

		52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
	Note		
Revenue	4	1,366	3,549
Profit on disposal of fixed assets		325	1,782
Administrative expenses		(720)	(2,883)
Operating profit	5	971	2,448
Investment revenues	8	-	1
Finance costs	8	(521)	-
Profit before taxation		450	2,449
Tax	9	1,584	426
Net profit attributable to equity holders		2,034	2,875

All results relate to continuing operations

The accompanying notes are an integral part of this income statement

Statement of changes in equity

52 weeks ended 29 December 2007

	52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
Balance at beginning of period	1,766	(1,109)
Net profit for the period	2,034	2,875
Balance at end of period	3,800	1,766

Equity comprises share capital and retained earnings

Bakkavor Properties Limited

Balance sheet 29 December 2007

		29 December 2007 £'000	30 December 2006 £'000
	Note		
Non-current assets			
Property, plant and equipment	10	2,442	12,409
Investment properties	11	1,032	-
Deferred tax asset	14	953	-
Total assets		4,427	12,409
Current assets			
Trade and other receivables	12	10,348	27,447
Total assets		14,775	39,856
Current liabilities			
Trade and other payables	15	(338)	(30,773)
Bank overdrafts and loans	13	(3,161)	(2,428)
		(3,499)	(33,201)
Net current assets/(liabilities)		7 187	(5 754)
Non-current liabilities			
Deferred tax liabilities	14	-	(154)
Long-term provisions	16	(7,476)	(4,735)
		(7,476)	(4,889)
Net assets		3,800	1,766
Equity			
Share capital	17	-	-
Retained earnings	18	3,800	1,766
Total equity		3,800	1,766

The financial statements were approved by the Board of Directors on 22 May 2008

Signed on behalf of the Board of Directors



R Howes

Director

The accompanying notes are an integral part of this balance sheet

Bakkavor Properties Limited

Cash flow statement

52 weeks ended ended 29 December 2007

		52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
	Note		
Net cash from operating activities	19	(9,781)	(2,708)
Investing activities			
Interest received		-	1
Proceeds on disposal of property, plant and equipment		9,048	4,722
Net cash from investing activities		9,048	4,723
Financing activities			
Increase /(decrease) in short term financing activities		733	(2,015)
Net cash used in from financing activities		733	(2,015)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at start of period		-	-
Cash and cash equivalents at end of period		-	-

Bakkavor Properties Limited

Notes to the accounts

52 weeks ended 29 December 2007

1. General information

Bakkavor Properties Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' Report.

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

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:

IFRS 7 Financial instruments disclosures

IFRS 8 Operating segments

IFRIC 4 Determining whether an arrangement contains a lease

IFRIC 5 Right to interests arising from decommissioning, restoration and environmental rehabilitation funds

IFRIC 7 Applying the restatement approach under IAS 29

IFRIC 8 Scope of IFRS 2

IFRIC 9 Reassessment of embedded derivatives

IFRIC 10 Interim financial reporting and impairment

IFRIC 11 IFRS 2 group and treasury share transactions

IFRIC 12 Service concession arrangements

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007. The company has recognised its investment properties under IAS 40.

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.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Bakkavor Properties Limited

Notes to the accounts (continued) **52 weeks ended 29 December 2007**

2. Significant accounting policies (continued)

Operating profit

Operating profit is stated 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

Sales of goods are recognised when goods are delivered and title has passed

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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

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, other than freehold land, 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

Freehold buildings	-	2% to 5% per annum straight line
Plant and equipment	-	5% to 33% per annum straight line

Most plant and equipment is written off over 12 years (8 33%) Freehold land is not depreciated

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

Investment property

All investment property is recorded at cost less accumulated depreciation and any recognised provision for impairment

Depreciation is provided on all investment property, other than freehold land, 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

Freehold buildings	-	2% to 5% per annum straight line
Plant and equipment	-	5% to 33% per annum straight line

Most plant and equipment is written off over 12 years (8 33%) Freehold land is not depreciated

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

Bakkavor Properties Limited

Notes to the accounts (continued) **52 weeks ended 29 December 2007**

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 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet 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 balance sheet 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 Group 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.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

2. Significant accounting policies (continued)

Impairment of tangible assets

At each balance sheet 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.

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 years. 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 balance sheet when the company becomes a 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 present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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 group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and 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 using the effective interest rate 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.

Trade payables

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

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

2. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

3. Accounting estimates and judgements

Critical accounting judgements and key sources of estimation uncertainty in applying the company's accounting policies

The preparation of the financial statements in conformity with adopted IFRS requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year then ended. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Estimates are used in the accounting for allowances for uncollectible receivables, depreciation, impairment, onerous lease and dilapidation provisions, taxes and contingencies. Estimates and assumptions are reviewed periodically and effects of revisions are reflected in the financial statements in the period that an adjustment is determined to be required.

In the process of applying the company's accounting policies, which are described in note 2, management has not had to make any judgements that have a significant effect on the amounts recognised in the financial statements other than those in respect of onerous lease and dilapidation provisions as disclosed in note 16.

4. Revenue

Turnover, which excludes value added tax, represents the net invoiced value of services relating to the principal activity of the company, provided to UK customers.

	52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
Sale of goods	1,366	3,549
Investment revenues	-	1

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

5. Operating profit for the period

Operating profit for the period is stated after charging/(crediting)

	52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
Depreciation of owned property, plant and equipment	156	165
Depreciation of investment properties	56	-
Profit on disposal of property, plant and equipment	(325)	(1,782)

The analysis of auditors' remuneration is as follows

	52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	5	5
Fees payable to the company's auditors and their associates for other services to the company	-	-

Fees payable to the auditors in respect of the audit of the company's annual accounts are borne by another group undertaking

6. Staff costs

There were no staff employed by the company in either year other than the directors

7. Directors emoluments

None of the directors receive emoluments for their services to the company

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

8. Investment revenue

	52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
Interest on bank deposits	-	1
Finance costs		
	52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
Unwind of discount	521	-

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

9. Tax

	52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
Current tax		
UK corporation tax	43	972
Prior year adjustment	(520)	-
Deferred tax		
Current year	(1,748)	(637)
Prior year adjustment	641	(761)
	<u>(1,584)</u>	<u>(426)</u>

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

	52 weeks ended 29 December 2007		52 weeks ended 30 December 2006	
	£'000	%	£'000	%
Profit before tax	<u>450</u>	<u>100</u>	<u>2,449</u>	<u>100</u>
Tax at the UK corporation tax rate of 30% (2006 30%)	135	30	735	30
Transfer of assets to group company	(1,878)	(417)	-	-
Adjustments in respect of prior periods	121	26	(762)	(31)
Income not taxed	-	-	(399)	(16)
Other	38	9	-	-
Tax expense/ (credit) and effective tax rate for the year	<u>(1,584)</u>	<u>(352)</u>	<u>(426)</u>	<u>(17)</u>

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

10. Property, plant and equipment

	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
Cost or valuation			
At 1 January 2006	16,021	5,220	21,241
Disposals	(5,025)	(860)	(5,885)
At 30 December 2006	10,996	4,360	15,356
Disposals	(9,430)	-	(9,430)
Transfer to investment properties	(1,566)	-	(1,566)
At 29 December 2007	-	4,360	4,360
Comprising:			
At cost	-	4,360	4,360
At valuation 2007	-	-	-
	-	4,360	4,360
Accumulated depreciation and impairment			
At 1 January 2006	(3,232)	(2,495)	(5,727)
Charge for the year	(124)	(41)	(165)
Eliminated on disposals	2,171	774	2,945
At 30 December 2006	(1,185)	(1,762)	(2,947)
Charge for the year		(156)	(156)
Eliminated on disposals	707	-	707
Transfer to investment properties	478		478
At 29 December 2007	-	(1,918)	(1,918)
Carrying amount			
At 29 December 2007	-	2,442	2,442
At 30 December 2006	9,811	2,598	12,409

At 29 December 2007, the company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £nil (2006 £nil)

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

11. Investment property

	Total £'000
Cost or valuation	
Transfer from property, plant and equipment	1,088
At 29 December 2007	<u>1,088</u>
Comprising:	
At cost	1,088
At valuation 2007	<u>-</u>
	<u>1,088</u>
Accumulated depreciation and impairment	
Charge for the year	<u>(56)</u>
At 29 December 2007	<u>(56)</u>
Carrying amount	
At 29 December 2007	<u>1,032</u>
At 30 December 2006	<u>-</u>

The fair value of the Company's investment properties at 29 December 2007 were £2.2m.

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

12. Other financial assets

Trade and other receivables

	29 December 2007 £'000	30 December 2006 £'000
Amounts receivable from trade customers	107	147
Amounts receivable from related parties	9,429	27,191
Prepayments	279	-
Other debtors	13	109
Corporation tax recoverable	520	-
	<u>10,348</u>	<u>27,447</u>

The average credit period taken on sales of goods is nil days (2006 nil days) No interest is charged on the receivables An allowance has been made for estimated irrecoverable amounts from the sale of goods of £2,900 (2006 £2,900) This allowance has been determined by reference to past default experience

The directors consider that the carrying amount of trade and other receivables approximates their fair value

Credit risk

The company's principal financial assets are trade and other receivables

The company's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet 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

13. Financial liabilities

Bank overdraft

	29 December 2007 £'000	30 December 2006 £'000
Bank overdrafts	<u>3,161</u>	<u>2,428</u>

The bank overdraft (unsecured) is repayable on demand and is denominated in sterling The average effective interest rate on bank overdrafts approximates 6.64 % (2006 5.89 %) per annum and is determined based on LIBOR plus 1%

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

14. Deferred tax

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	Short term timing differences £'000	Total £'000
At 1 January 2006	1,552	-	1,552
Credit to income	(877)	(521)	(1,398)
At 30 December 2006	675	(521)	154
(Credit)/charge to income	(1,628)	521	(1,107)
At 29 December 2007	(953)	-	(953)

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes

	29 December 2007 £'000	30 December 2006 £'000
Deferred tax liabilities	-	675
Deferred tax assets	(953)	(521)

The key factor that may affect future tax charges is changes in tax legislation. With effect from 1 April 2008 the full rate of corporation tax decreased from 30% to 28%.

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

15. Other financial liabilities

Trade and other payables

	29 December 2007 £'000	30 December 2006 £'000
Trade payables	153	120
Amounts owed to group undertakings	-	29,667
Group relief payable	43	972
Other creditors	-	14
Accruals and deferred income	142	-
	<u>338</u>	<u>30,773</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs

The average credit period taken for trade purchases is nil days (2006 nil days)

The directors consider that the carrying amount of trade payables approximates to their fair value

16. Provisions for liabilities and charges

	Dilapidation provision £'000	Onerous lease provision £'000	Total £'000
At 30 December 2006	1,734	3,001	4,735
Provisions			
- additional provisions created	37	2,978	3,015
- adjustments in provision estimates	(57)	(231)	(288)
- utilised during year	-	(507)	(507)
Unwind of discount	57	464	521
At 29 December 2007	<u>1,771</u>	<u>5,705</u>	<u>7,476</u>
Included in current liabilities			-
Included in non-current liabilities			<u>7,476</u>

The dilapidations provision relates to obligations under the terms of the leases to make good the buildings at the end of the lease term for the Gosberton and Waltham Abbey properties. The onerous lease provision on these same properties will be utilised over the life of the lease to which the provision relates. The Gosberton lease expires in 2020 and the Waltham Abbey leases expire between 2009 and 2014.

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

17. Share capital

Authorised, allotted, called-up and
fully paid

29 December 2007

30 December 2006

	No	£	No	£
Ordinary shares of £1 each	100	100	100	100
		<u>100</u>		<u>100</u>
		<u>100</u>		<u>100</u>

18. Retained earnings

	£'000
Balance at 1 January 2006	(1,109)
Net profit for the period	2,875
	<u>1,766</u>
Balance at 30 December 2006	1,766
Net profit for the period	2,034
	<u>3,800</u>
Balance at 29 December 2007	<u>3,800</u>

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

19. Notes to the cash flow statement

	52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
Profit for the period	156	2,875
Adjustments for		
Investment revenues	-	1
Income tax expense / (credit)	294	(426)
Depreciation of property, plant and equipment and investment property	212	165
Profit on disposal of property, plant and equipment	(325)	(1,782)
Increase in provisions	2,741	333
	<u>3,078</u>	<u>1,164</u>
Operating cash flows before movements in working capital		
Decrease/(increase) in receivables	17,743	(3,002)
Decrease in payables	(29,630)	(1,507)
	<u>(8,809)</u>	<u>(3,345)</u>
Cash utilised by operations	(8,809)	(3,345)
Income taxes (paid)/ received	(972)	637
	<u>(9,781)</u>	<u>(2,708)</u>
Net cash outflow from operating activities	<u>(9,781)</u>	<u>(2,708)</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

20. Operating lease arrangements

	52 weeks ended 29 December 2007 £'000	52 weeks ended 30 December 2006 £'000
Minimum lease payments under operating leases recognised as an expense in the year	1,400	1,060

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	29 December 2007 £'000	30 December 2006 £'000
Within one year	1,162	1,060
In the second to fifth years inclusive	3,912	3,705
After five years	6,338	5,723
	11,412	10,488

Operating lease payments represent rentals payable by the company for land and buildings. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 3 years.

21. Contingent liabilities

The company (together with certain other subsidiaries) is a guarantor of a £700 million multi-currency revolving credit facility in favour of Bakkavor London Limited. At 29 December 2007 there were £520 million of drawn borrowings and £2.2 million of loan notes against the facility.

22. Events after the balance sheet date

There have been no material post balance sheet events which would require disclosures or adjustment to the 29 December 2007 Financial Statements.

Bakkavor Properties Limited

Notes to the accounts (continued) 52 weeks ended 29 December 2007

23. Related party transactions

Trading transactions

During the year, the company entered into the following transactions with related parties

	Sale of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Bakkavor Foods Limited	684	3,073	-	-	9,429	27,191	-	-
Bakkavor Limited	-	-	-	-	-	-	-	(31,067)
Bakkavor Fresh Cook Limited	200	133	-	-	-	-	-	-

Sales of goods to related parties were made at the group's usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

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

Remuneration of key management personnel

The remuneration of the directors and senior management, who are the key management personnel of the company, is £nil (2006: £nil) as they are not paid by the company.

24. Controlling party

The company's ultimate parent company and ultimate controlling party is Bakkavör Group hf, a company registered in Iceland. The largest group in which the results of the company are consolidated is that headed by Bakkavör Group hf. It has included the company in its Group financial statements, copies of which are available from Hamraborg, 200 Kopavogur, Iceland.

The directors consider Bakkavor Limited to be the immediate parent company.