Registration number 1008747

PUKKA PIES LIMITED

FINANCIAL STATEMENTS

24 MAY 2008

PUKKA PIES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 24 MAY 2008

The directors present their report and the financial statements for the year ended 24 May 2008.

Principal activity and review of the business
The principal activity of the company is pie, pasty and pastry manufacture and distribution.

The company has had another satisfactory year. Turnover is 10% higher than the previous year with the gross profit margin being maintained at previous years' levels. The company has continued to build brand awareness and the directors expect the business to grow over the coming years.

Food safety
The directors, management and all employees make food safety their first priority. The company operates from state of the art premises and maintains BS/EN/ISO 9001 accreditation; EFSIS to the highest level and HACCP across all product lines. The onsite microbiological laboratory is also independently accredited by CLAS. Following government nutritional and health guidelines, the company actively researches and improves recipes, with only the most carefully selected quality ingredients being used.

Employment
The whole company actively embraces a positive and up to date approach to continuing improvement in the safety of the work place as well as the health of its employees. Risk assessments are used proactively as part of a fully integrated Health and Safety management and control system. A professionally trained and qualified Health and Safety manager oversees the operation together with the directors' personal involvement.

The company reviews pay annually and also pays an annual bonus to all employees from the ongoing success of the business. Job security remains a central objective of the company having never made any redundancies in its entire trading history.

Environmental
Pukka Pies Limited has for many years emphasised waste reduction, energy efficiency, minimisation of packaging, recycling and emission control. Significant gains have been made in all areas and each year we pursue further improvement.

Customers
Pukka Pies Limited founding principles are: product quality, customer service and value for money. The company makes sure it fulfils its customer orders unfailingly and remains customer focused. Customers are also supported with a comprehensive sales and marketing package along with technical information and advice.

Suppliers
Pukka Pies Limited has a strong ethical focus on selecting and dealing with suppliers. Suppliers are paid within seven days from invoicing; contracts are honoured and Pukka Pies Limited buys on quality service and price.

PUKKA PIES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 24 MAY 2008

Charity policy
The company's charity policy is to support registered charities in the immediate vicinity of the business.

In particular, supporting local young people in sport and outdoor healthy activities are areas of special emphasis.

Website
Pukka Pies Limited's website covers all the above policies in more detail along with a full description of the company and products.

Results and dividends
The profit for the year, after taxation, amounted to £4,559,791.

The directors recommend payment of a final dividend amounting to £4,000,000.

Directors and their interests
The directors who served during the year and their interests in the company are as stated below:

	Class of share	24 May '08	27 May '07
T. K. Storer	Ordinary shares	16,200	16,200
V. C. Storer	Ordinary shares	8,000	8,000
A. J. Storer	Ordinary shares	4,100	4,100
T. D. Storer	Ordinary shares	4,100	4,100

Charitable and political contributions
During the year the company contributed £9,305 to charities.

PUKKA PIES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 24 MAY 2008

Directors' responsibilities
The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware:

-there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

-the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors
In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Robert Whowell & Partners be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 22 December 2008 and signed on its behalf by

A. J. Storer

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Secretary

PUKKA PIES LIMITED

AUDITORS REPORT
FOR THE YEAR ENDED 24 MAY 2008

Independent auditors' report to the shareholders of Pukka Pies Limited

We have audited the financial statements of Pukka Pies Limited for the year ended 24 May 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is not 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 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 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.

PUKKA PIES LIMITED

AUDITORS REPORT
FOR THE YEAR ENDED 24 MAY 2008

Independent auditors' report to the shareholders of Pukka Pies Limited continued

Opinion
In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 24 May 2008 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 for the year ended 24 May 2008.

Robert Whowell & Partners

ROBERT WHOWELL & PARTNERS

CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

Westwood House
78 Loughborough Road
Quorn
Leicestershire
LE12 8DX

22 December 2008

PUKKA PIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24 MAY 2008

	Notes	Continuing operations 2008 £	2007 £
Turnover	2	28,409,383	25,826,428
Cost of sales		(14,649,549)	(13,201,464)
Gross profit		13,759,834	12,624,964
Administrative expenses		(8,230,472)	(7,409,828)
Other operating income		62,500	62,500
Operating profit	3	5,591,862	5,277,636
Other interest receivable and similar income	5	817,824	684,598
Amount written off investments	4	-	(450,000)
Profit on ordinary activities before taxation		6,409,686	5,512,234
Tax on profit on ordinary activities	7	(1,849,895)	(1,811,792)
Retained profit for the year	17	4,559,791	3,700,442

The notes on pages 10 to 22 form an integral part of these financial statements.

PUKKA PIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24 MAY 2008

	Continuing operations	
	2008	2007
	£	£
Statement of total recognised gains and losses		
Profit on ordinary activities after taxation	4,559,791	3,700,442
Actuarial loss in respect of defined benefit pension scheme	(257,000)	360,000
Deferred tax attributable to actuarial (loss)/gain	67,000	(68,000)
Total recognised gains relating to the year	4,369,791	3,992,442
Note of historical cost profits and losses		
Profit on ordinary activities before taxation	6,409,686	5,512,234
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	51,275	51,275
Historical cost profit on ordinary activities before taxation	6,460,961	5,563,509
Historic cost profit for the year retained after taxation and dividends	611,066	(248,283)

The notes on pages 10 to 22 form an integral part of these financial statements.

PUKKA PIES LIMITED

BALANCE SHEET
AS AT 24 MAY 2008

	Notes	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	9		16,757,596		16,315,915
Investments	10		-		50,000
			16,757,596		16,365,915
Current assets					
Stocks	11	1,664,568		1,590,313	
Debtors	12	2,561,798		2,690,418	
Cash at bank and in hand		13,410,731		13,210,641	
		17,637,097		17,491,372	
Creditors: amounts falling due within one year	13	(5,709,735)		(5,683,120)	
Net current assets			11,927,362		11,808,252
Total assets less current liabilities			28,684,958		28,174,167
Provisions for liabilities	14		(395,000)		(410,000)
Pension liability/asset	19		(69,000)		87,000
Net assets			28,220,958		27,851,167
Capital and reserves					
Called up share capital	16		50,000		50,000
Revaluation reserve	17		5,239,112		5,290,387
Profit and loss account	17		22,931,846		22,510,780
Equity shareholders' funds	18		28,220,958		27,851,167

The financial statements were approved by the Board on 22 December 2008 and signed on its behalf by

T. K. Storer

TKStorer
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Director

The notes on pages 10 to 22 form an integral part of these financial statements.

PUKKA PIES LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 24 MAY 2008

	Notes	2008 £	2007 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		5,591,862	5,277,636
Depreciation		1,151,087	1,037,581
(Increase) in stocks		(74,255)	(150,270)
Decrease in debtors		128,620	(975,811)
Increase in creditors		351,012	70,348
Defined benefit pension scheme provision		2,000	160,000
Net cash inflow from operating activities		7,150,326	5,419,484
Cash flow statement			
Net cash inflow from operating activities		7,150,326	5,419,484
Returns on investments and servicing of finance	21	781,824	656,598
Taxation	21	(2,189,292)	(1,432,228)
Capital expenditure and financial investment	21	(1,542,768)	(469,012)
		4,200,090	4,174,842
Equity dividends paid		(4,000,000)	(4,000,000)
Increase in cash in the year		200,090	174,842
Reconciliation of net cash flow to movement in net debt (Note 22)			
Increase in cash in the year		200,090	174,842
Net debt at 27 May 2007		13,210,641	13,035,799
Net funds at 24 May 2008		13,410,731	13,210,641

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and comply with financial reporting standards of the Accounting Standards Board.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value (net of trade discounts), excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	-	2% on cost or valuation for buildings only
Fixtures, fittings and equipment	-	15% to 30% on net book value
Motor vehicles	-	25% on net book value

The directors have adopted FRS 15 in relation to the revaluation of freehold land and buildings. It is now company policy to carry out full valuations of these assets every five years with interim valuations in the intervening years. An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

1.4. Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

1.6. Pensions and other post-retirement benefits

Defined Contribution Scheme

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

Defined Benefit Scheme

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme deficit is recognised in full on the balance sheet.

The deferred tax relating to a defined benefit liability is offset against the defined benefit liability and not included with other deferred tax assets or liabilities.

1.7. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

	2008	2007
	£	£
Geographical market		
UK	28,066,066	25,526,611
Europe	343,317	299,817
	28,409,383	25,826,428

3. Operating profit

	2008	2007
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	1,136,397	1,030,638
Loss on disposal of tangible fixed assets	14,690	6,943
Auditors' remuneration	16,000	15,000
Auditors' remuneration from non-audit work	35,254	33,944

4. Amounts written off investments

	2008	2007
	£	£
Amounts written off fixed asset investments:		
- permanent diminution in value	-	450,000

5. Interest receivable and similar income

	2008	2007
	£	£
Bank interest	781,824	650,969
Other interest	-	5,629
Net finance income in respect of defined benefit schemes	36,000	28,000
	817,824	684,598

6. Employees

	2008	2007
Number of employees		
The average monthly numbers of employees (including the directors) during the year were:	**Number**	**Number**
Staff	229	236

Employment costs	**2008**	**2007**
	£	**£**
Wages and salaries	6,196,027	6,067,504
Social security costs	573,120	555,702
Pension costs	385,375	527,976
	7,154,522	7,151,182
Net finance income of defined benefit scheme	(36,000)	(28,000)
	7,118,522	7,123,182

6.1. Directors' emoluments

	2008	**2007**
	£	**£**
Remuneration and other emoluments	731,845	720,287
Pension contributions	29,400	28,432
	761,245	748,719
	Number	**Number**
Number of directors to whom retirement benefits are accruing under a money purchase scheme	-	-
Number of directors to whom retirement benefits are accruing under a defined benefit scheme	2	2
Highest paid director	**£**	**£**
Amounts included above:		
Emoluments and other benefits	205,040	199,305
Pension contributions	14,700	14,216
	219,740	213,521

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 MAY 2008

7. Tax on profit on ordinary activities

Analysis of charge in period	2008	2007
	£	£
Current tax		
UK corporation tax at 29.68% (2007 - 30.00%)	1,864,895	1,839,292
Total current tax charge	1,864,895	1,839,292
Deferred tax		
Timing differences, origination and reversal	(15,000)	(27,500)
Total deferred tax	(15,000)	(27,500)
Tax on profit on ordinary activities	1,849,895	1,811,792

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008	2007
	£	£
Profit on ordinary activities before taxation	6,409,686	5,512,234
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.68% (2007 : 30.00%)	1,902,395	1,653,670
Effects of:		
Expenses not deductible for tax purposes	(10,093)	174,600
Capital allowances for period in excess of depreciation	(27,407)	11,022
Current tax charge for period	1,864,895	1,839,292

8. Dividends

Dividends paid and proposed on equity shares

	2008	2007
	£	£
Proposed at the year-end (recognised as a liability):		
Equity dividends on Ordinary shares	4,000,000	4,000,000

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 MAY 2008

9. Tangible fixed assets

	Freehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost/revaluation				
At 27 May 2007	12,900,000	14,001,854	2,047,295	28,949,149
Additions	-	1,451,964	216,891	1,668,855
Disposals	-	(44,840)	(413,415)	(458,255)
At 24 May 2008	12,900,000	15,408,978	1,850,771	30,159,749
Depreciation				
At 27 May 2007	232,000	10,947,271	1,453,963	12,633,234
On disposals	-	(43,840)	(323,638)	(367,478)
Charge for the year	232,000	724,286	180,111	1,136,397
At 24 May 2008	464,000	11,627,717	1,310,436	13,402,153
Net book values				
At 24 May 2008	12,436,000	3,781,261	540,335	16,757,596
At 26 May 2007	12,668,000	3,054,583	593,332	16,315,915

At various times the freehold land and buildings have been revalued. The most recent valuation was carried out by Innes England, Chartered Surveyors of 12 DeMontfort Street, Leicester in 2006. This valuation, based on depreciated replacement cost, showed an increase of £1,807,250 and was included in the financial statements for the year ended 27 May 2006. This valuation was a full valuation for FRS 15 purposes. Previous valuations were carried out in May 1990 (£1,148,166) and May 2004 (£2,475,960). Subsequent additions will be shown at cost. The directors are carrying out regular valuations of the freehold property and are of the opinion that the current market value is not materially different from that stated above.

The directors adopted FRS 15 during the year ended 26 May 2001 in relation to the revaluation of land and buildings. It is now company policy to carry out full valuations of these assets every five years with interim valuations in the intervening years.

Tangible fixed assets included at a valuation would have been included on a historical cost basis at:

	2008	2007
	£	£
Cost	9,307,709	9,307,709
Depreciation	2,086,979	1,906,254
Net book value	7,220,730	7,401,455

Depreciation of freehold buildings has been calculated on the revalued amount where applicable; based on cost the charge would have been lower by £51,275 (2007 - £23,841).

10. Fixed asset investments

	Other unlisted investments	Total
	£	£
Cost		
At 27 May 2007	500,000	500,000
Disposals	(500,000)	(500,000)
At 24 May 2008	-	-
Provisions for diminution in value:		
At 27 May 2007	450,000	450,000
Disposals	(450,000)	(450,000)
At 24 May 2008	-	-
Net book values		
At 24 May 2008	-	-
At 26 May 2007	50,000	50,000

10.1. Fixed asset investments

	2008	2007
	£	£
Directors' valuation of unlisted investments	-	50,000

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 MAY 2008

11. Stocks

	2008	2007
	£	£
Raw materials and consumables	864,672	712,751
Finished goods and goods for resale	799,896	877,562
	1,664,568	1,590,313

12. Debtors

	2008	2007
	£	£
Trade debtors	2,091,264	1,767,830
Other debtors	207,044	772,518
Prepayments and accrued income	263,490	150,070
	2,561,798	2,690,418

13. Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	571,520	316,357
Corporation tax	664,895	989,292
Other taxes and social security costs	176,616	184,406
Other creditors	246	54,400
Accruals and deferred income	296,458	138,665
Proposed dividend	4,000,000	4,000,000
	5,709,735	5,683,120

14. Provisions for liabilities

	Deferred taxation (Note 15)	Total
	£	£
At 27 May 2007	410,000	410,000
Movements in the year	(15,000)	(15,000)
At 24 May 2008	395,000	395,000

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 MAY 2008

15. Provision for deferred taxation

	2008	2007
	£	£
Accelerated capital allowances	395,000	410,000

Provision at 27 May 2007	410,000
Deferred tax credit in profit and loss account	(15,000)
Provision at 24 May 2008	395,000

16. Share capital

	2008	2007
	£	£
Authorised equity		
50,000 Ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid equity		
50,000 Ordinary shares of £1 each	50,000	50,000
Equity Shares		
50,000 Ordinary shares of £1 each	50,000	50,000

17. Equity Reserves

	Revaluation reserve	Profit and loss account	Total
	£	£	£
At 27 May 2007	5,290,387	22,510,780	27,801,167
Transfer of realised profit	(51,275)	51,275	-
Retained profit for the year	-	4,559,791	4,559,791
Actuarial loss in respect of defined benefit scheme	-	(257,000)	(257,000)
Deferred tax	-	67,000	67,000
Equity dividends	-	(4,000,000)	(4,000,000)
At 24 May 2008	5,239,112	22,931,846	28,170,958

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 MAY 2008

18. Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the year	4,559,791	3,700,442
Actuarial loss in respect of defined pension scheme	(257,000)	360,000
Dividends	(4,000,000)	(4,000,000)
Deferred taxation	67,000	(68,000)
	369,791	(7,558)
Opening shareholders' funds	27,851,167	27,858,725
Closing shareholders' funds	28,220,958	27,851,167

19. Pensions and other post-retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with various insurance companies.

Pension contributions are determined by a qualified actuary on the basis of biennial valuations using the projected unit method. The most recent full actuarial valuation was carried out at 6 April 2007. The main assumptions used by the actuary were:

	2008	2007	2006
	%	%	%
Rate of increase in salaries	4.9	4.4	4.2
Rate of increase in pensions in payment	3.9	3.4	3.2
Discount rate	6.6	5.6	5.1
Inflation assumption	3.9	3.4	3.2

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 MAY 2008

19.1 The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting (deficit)/surplus are:

	Long-term rate of return expected at 2008 %	Value at 2008 £	Long-term rate of return expected at 2007 %	Value at 2007 £	Long-term rate of return expected at 2006 %	Value at 2006 £
Equities	6.6	8,001,000	5.6	9,270,000	5.1	10,101,000
Bonds	8.4	2,059,000	7.3	1,759,000	7.6	1,400,000
Property	5.0	748,000	5.5	671,000	4.5	196,000
Total market value of assets		10,808,000		11,700,000		11,697,000
Present value of scheme liabilities		(10,907,000)		(11,576,000)		(11,801,000)
Surplus/(deficit) in the scheme		(99,000)		124,000		(104,000)
Related deferred tax liability		30,000		(37,000)		31,000
Net pension (liability)/asset		(69,000)		87,000		(73,000)

An analysis of the movements in the surplus/(deficit) during the year are shown below:

	2008 £	2007 £
Surplus/(deficit) brought forward	124,000	(104,000)
Total operating charge	302,000	472,000
Total finance income	771,000	28,000
Actuarial (loss)/gain	(257,000)	360,000
Contributions	300,000	312,000
(Deficit)/surplus carried forward	(99,000)	124,000

The pension contribution in the year is currently 18% of pensionable earnings.

PUKKA PIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 MAY 2008

Analysis of the amount charged to operating profit

	2008	2007
	£	£
Current service cost	302,000	472,000

Analysis of the amount charged to other finance income

	2008	2007
	£	£
Expected return on pension scheme assets	684,000	630,000
Interest on pension scheme liabilities	(648,000)	(602,000)
Total income	36,000	28,000

Analysis of amount recognised in Statement of total recognised gains and losses

	2008	2007
	£	£
Actual return less expected return on pension scheme assets	(1,920,000)	(979,000)
Experience (losses)/gains arising on the scheme liabilities	(80,000)	226,000
Gains arising from changes in assumptions underlying the present value of the scheme liabilities	1,743,000	1,113,000
Actuarial (loss)/gain	(257,000)	360,000

History of experience gains and losses

A history of experience gains and losses is shown below:

	2008	2007	2006	2005	2004
Difference between the expected and actual return on scheme assets:					
amount (£)	(1,920,000)	(979,000)	96,000	1,403,000	(1,400,000)
percentage of scheme assets	18%	8%	1%	13%	16%
Experience gains and losses on scheme liabilities:					
amount (£)	(80,000)	226,000	265,000	53,000	(126,000)
percentage of the present value of the scheme liabilities	1%	2%	2%	-%	1%
Total amount recognised in Statement of total recognised gains and losses:					
amount (£)	(257,000)	360,000	584,000	(104,000)	(641,000)
percentage of the present value of the scheme liabilities	2%	3%	5%	1%	7%

20. Capital commitments

	2008	2007
	£	£
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	103,266	600,000

21. Gross cash flows

	2008	2007
	£	£
Returns on investments and servicing of finance		
Interest received	781,824	656,598
Taxation		
Corporation tax paid	(2,189,292)	(1,432,228)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(1,668,855)	(501,075)
Receipts from sales of tangible assets	76,087	32,063
Receipts from sales of investments	50,000	450,000
	(1,542,768)	(19,012)

22. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	13,210,641	200,090	13,410,731
Net funds	13,210,641	200,090	13,410,731