

Company Registration No. 01027606

Bakkavör Overseas Holdings Limited

Report and Financial Statements

52 weeks ended 1 January 2011

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Bakkavör Overseas Holdings Limited

Report and financial statements 2010

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Bakkavör Overseas Holdings Limited

Report and financial statements 2010

Officers and professional advisers

Directors

A Gudmundsson
R Howes (resigned 15 October 2010)

Secretary

S Kaushal (appointed 31 March 2010, resigned 29 October 2010)
J Jowett (appointed 05 August 2009, resigned 31 March 2010)

Registered Office

West Marsh Road
Spalding
Lincolnshire
PE11 2BB

Bankers

Barclays Bank PLC
10 Hall Place
Spalding
Lincolnshire
PE11 1SR

Statutory Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham
United Kingdom

Bakkavör Overseas Holdings Limited

Directors' report

The directors present their 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.

Enhanced business review and Principal activities

The Company is a 100% owned subsidiary within the Bakkavor London Limited group. Bakkavor Overseas Holdings Limited acted as an intermediary holding company during the period. The directors are satisfied with the results and achievements for the 52 week period to 1 January 2011 and believe that the future prospects of the Company are satisfactory.

The profit for the period, after taxation, amounted to £23,287,000 (2009: loss £1,533,000). Ordinary dividends of £nil (2009: £nil) were paid during the period.

The statement of financial position on page 7 of the financial statements shows shareholders' funds amounting to £117,356,000 (2009: £94,069,000). The Company's financial position at the period end has moved largely as a result of exceptional income of £22,996,000. During the period a balance of £22,996,000 owing to a dormant group company was written off following the company being struck off. Details of amounts owed to and by group companies are shown in note 16.

On the 7 February 2011, the Group refinanced its main financing facilities in Bakkavor London Limited, Bakkavor 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 on 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.

The directors have reviewed the historic trading performance of the Company and the forecasts for the next five years, to assess the level of finance required across the Group. As a result of the refinancing and guarantees put in place across the Bakkavor group, the directors consider that adequate finance is available and therefore believe it appropriate to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

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

Credit risk

The Company's main credit risk is attributable to its trade receivables which are with other group companies and are considered to be fully recoverable.

Liquidity risk

The directors review the forecasts for the business at least quarterly to determine the level of finance required 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 banking facility to ensure that suitable liquidity levels are maintained in line with the Company's forecasts.

Foreign currency risk

The Company's only exposure to foreign currency risk is on its inter-company loan receivable.

Interest rate risk

The Company is not exposed to any interest rate risk as its inter-company loans are at a fixed rate of interest and its bank overdraft is part of the Group pooling facility.

Bakkavör Overseas Holdings Limited

Directors' report (continued)

Supplier payment policy

The Company's outstanding trade payable balances at the end of the period were all with other group companies

Directors

The directors who served throughout the period were as follows

A Gudmundsson

R Howes (resigned 15 October 2010)

During 2007, the Company entered into indemnity deeds containing "qualified third party indemnity provisions", as defined in s234 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 provisions remain effective to the date of signing the accounts

Auditor

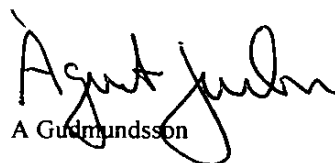
Each of the persons who is a director at the date of approval of these financial statements confirms that

- 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/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 auditor is aware of that information

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

Deloitte LLP has expressed willingness to continue in office as auditor and a resolution to reappoint 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

Bakkavör Overseas Holdings Limited

Directors' responsibility statement

The directors are responsible for preparing the Annual Report and 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. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors

- 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 are sufficient to show and explain the company's transactions and 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. 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 auditor's report to the members of Bakkavör Overseas Holdings Limited

We have audited the financial statements of Bakkavor Overseas Holdings Limited for the 52 weeks ended 1 January 2011 which comprise the income statement, statement of changes in equity, statement of financial position, statement of cash flows and the related notes 1 to 17. 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 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

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 year 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.

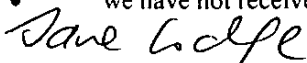
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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



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

Bakkavör Overseas Holdings Limited

Income statement

52 weeks ended 1 January 2011

	Note	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Administrative expenses		-	(161)
Exceptional income		22,996	-
Operating profit / (loss)	6	22,996	(161)
Other gains and losses	4	(2,042)	(4,219)
Investment revenues	5	2,446	2,321
Profit / (loss) before taxation		23,400	(2,059)
Tax	8	(113)	526
Net profit / (loss) attributable to equity holders		23,287	(1,533)

All results relate to continuing operations. The Company has no recognised gains and losses other than the profit above and therefore no separate statement of comprehensive income is presented.

The accompanying notes are an integral part of this income statement.

Statement of changes in equity

52 weeks ended 1 January 2011

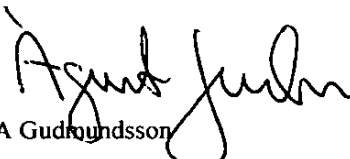
	Share Capital £'000	Retained earnings £'000	Total equity £'000
Balance at 27 December 2008	30,250	65,352	95,602
Loss for the period	-	(1,533)	(1,533)
Balance at 2 January 2010	30,250	63,819	94,069
Profit for the period	-	23,287	23,287
Balance at 1 January 2011	30,250	87,106	117,356

Bakkavör Overseas Holdings Limited

Statement of financial position 1 January 2011

	Note	1 January 2011 £'000	2 January 2010 £'000
Current assets			
Trade and other receivables	9	135,444	134,230
Current tax receivables		-	526
Total assets		<u>135,444</u>	<u>134,756</u>
Current liabilities			
Bank overdrafts and loans	10	(521)	(1,047)
Trade and other payables	11	<u>(17,567)</u>	<u>(39,640)</u>
Total liabilities		<u>(18,088)</u>	<u>(40,687)</u>
Net assets		<u>117,356</u>	<u>94,069</u>
Equity			
Share capital	13	30,250	30,250
Retained earnings		<u>87,106</u>	<u>63,819</u>
Total equity		<u>117,356</u>	<u>94,069</u>

The financial statements of Bakkavor Overseas Holdings Limited, company number 01027606, were approved by the board and authorised for issue on 27 July 2011. They were signed on its behalf by


A Gudmundsson
Director

Bakkavör Overseas Holdings Limited

Statement of cash flows 1 January 2011

The accompanying notes are an integral part of this statement of cash flows

		52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
	Note		
Net cash from / (used in) operating activities	14	526	(557)
Financing activities			
(Decrease) / increase in bank overdrafts		(526)	557
Net cash (used in)/from financing activities		(526)	557
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		-	-

Bakkavör Overseas Holdings Limited

Notes to the financial statements 52 weeks ended 1 January 2011

1. General information

Bakkavör Overseas Holdings 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 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.

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

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)

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

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.

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.

The financial statements are prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The directors have reviewed the historic trading performance of the Company and the forecasts for the next five years, to assess the level of finance required across the Group. As a result of the refinancing and guarantees put in place across the Bakkavör group, the directors consider that adequate finance is available and therefore believe it appropriate to prepare the financial statements on a going concern basis.

Bakkavör Overseas Holdings Limited

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

2. Significant accounting policies (continued)

The Company is exempt from preparing group accounts under s400 of Companies Act 2006 as it is a wholly owned subsidiary of Bakkavör London Limited and is included in the consolidated accounts of that company. Therefore, these financial statements present information about the Company and not its group.

Operating profit

Operating profit is stated before investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable.

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 balance sheet date.

Financial instruments

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

Financial assets

Financial assets held by the Company are classified as available for sale or loans and receivables at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Any gains or losses in assets held as available for sale arising from a change in fair value are recognised in the income statement for the period.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Provisions relating to the impairment of financial assets are made on a specific basis, not a collective basis.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Bakkavör Overseas Holdings Limited

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

2. Significant accounting policies (continued)

Impairment of financial assets (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the asset at the date the impairment is reversed and does not exceed what the amortised cost would have been had the impairment not been recognised

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

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity

Financial liabilities

Financial liabilities held by the Company are classified as other financial liabilities at amortised cost

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to its net carrying amount.

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

Bakkavör Overseas Holdings Limited

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

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 period 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, impairment, 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.

4. Other gains and losses

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Foreign exchange loss	2,042	4,219

5. Investment revenues

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Interest receivable from group undertakings	2,446	2,321

Bakkavör Overseas Holdings Limited

Notes to the financial statements (continued)

52 weeks ended 1 January 2011

6. Operating profit / (loss) for the period

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

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Exceptional income	(22,996)	-
Loss on disposal of investments	-	95
	<u> </u>	<u> </u>

During the period, a balance of £22,996,000 owing to the dormant company Bakkavör Overseas Mechanisation Limited was written off following the company being struck off

Audit fees

Audit fees in relation to the statutory audit of £5,000 (2009 £5,000) were borne by other group companies, and no non-audit fees were charged to the Company (2009 £nil)

7. Staff costs and directors emoluments

The Company had no direct employees during the period as its principal activity is that of a holding company. The directors of the Company were paid through Bakkavör Foods Limited for the period.

8. Tax

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Current tax		
UK corporation tax	113	(526)
	<u> </u>	<u> </u>

Bakkavör Overseas Holdings Limited

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

8. Tax (continued)

The charge / (credit) for the period can be reconciled to the profit / (loss) per the income statement as follows

	52 weeks ended 1 January 2011		53 weeks ended 2 January 2010	
	£'000	%	£'000	%
Profit / (loss) before tax	<u>23,400</u>	<u>100</u>	<u>(2,059)</u>	<u>100</u>
Tax at the UK corporation tax rate of 28% (2009 28%)	6,552	28.0	(577)	(28.0)
Tax effect of income that is not taxable in determining taxable profit	(6,439)	(27.6)	-	-
Non-deductible expenditure	<u>-</u>	<u>-</u>	<u>51</u>	<u>2.5</u>
Tax charge / (credit) and effective tax rate for the period	<u><u>113</u></u>	<u><u>0.4</u></u>	<u><u>(526)</u></u>	<u><u>(25.5)</u></u>

9. Trade and other receivables

	1 January 2011 £'000	2 January 2010 £'000
Amounts receivable from group companies	<u>135,444</u>	<u>134,230</u>

Amounts receivable from group companies includes a balance of £59,243,000 (2009 £58,029,000) denominated in Euros

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

No provisions are considered necessary as all the Company's receivables are with other group companies and considered recoverable

Bakkavör Overseas Holdings Limited

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

10. Bank overdraft

	1 January 2011 £'000	2 January 2010 £'000
Bank overdrafts	521	1,047

The bank overdraft is repayable on demand and is denominated in sterling. 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 directors of the Company consider the carrying value of the loan to be equivalent to fair value.

	2010 %	2009 %
The weighted average interest rates paid by the group were as follows		
Bank overdrafts	2.63	5.60

11. Trade and other payables

	1 January 2011 £'000	2 January 2010 £'000
Amounts owed to group companies	17,454	39,640
Group relief	113	-
	17,567	39,640

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

The Company's trade and other payables are due to other group companies and are repayable on demand. No interest is incurred against these payables.

Bakkavör Overseas Holdings Limited

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

12. Financial instruments

Categories of financial instruments

	1 January 2011 £'000	2 January 2010 £'000
Financial assets		
Loans and receivables at amortised cost		
Amounts receivable from group companies	135,444	134,230
Financial liabilities		
Other Financial liabilities at amortised cost		
Amounts owed to group companies	17,567	39,640
Bank overdraft	521	1,047
	18,088	40,687

All of the Company's financial instruments except for certain amounts owed by group companies are denominated in sterling

The fair value of the financial assets approximates to their carrying value due to the short term nature of the receivables

The fair value of other financial liabilities at amortised cost approximates to their carrying value. The trade and other payables approximate to their fair value due to the short term nature of the payables

Foreign currency risk

Foreign currency risk occurs on loans due from group companies denominated in foreign currencies

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, a 3.8% weakening of the Euro versus prior year.

Bakkavör Overseas Holdings Limited

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

12. Financial instruments (continued)

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 monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where sterling strengthens 10% against the relevant currency. For a 10% weakening of sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Profit or loss 10% Strengthening	
	1 January 2011 £'000	2 January 2010 £'000
Euro	(5,386)	(5,275)

Interest rate risk

The Company is not exposed to any interest rate risk on its inter-company loan receivable as the loan is at a fixed rate of interest. The Company's bank overdraft is at a floating rate of interest but the Company is not exposed to the interest rate risk, as the overdraft is part of the Group pooling facility.

Credit risk

Credit risk refers to the risk of financial loss to the Company if a counterparty defaults on its contractual obligations of the loans and receivables at amortised cost held in the balance sheet. The Company's main credit risk is attributable to its trade receivables which are with other group companies and are considered to be fully recoverable.

Liquidity risk

Liquidity risk refers to the risk that the Company may not be able to fund the day to day running of the business. Liquidity risk is reviewed by the board on a regular basis to ensure that adequate cash reserves are available when required. The Company manages liquidity risk by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Bakkavör Overseas Holdings Limited

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

13. Share capital

		1 January 2011 £'000	2 January 2010 £'000
Authorised			
Ordinary shares of £1 each		75,000	75,000
		<u> </u>	<u> </u>
Allotted, called-up and fully paid	1 January 2011	2 January 2010	
	No	No	£'000
Ordinary shares of £1 each	30,250,237	30,250,237	30,250
		<u> </u>	<u> </u>

14. Notes to the cash flow statement

	52 weeks ended 1 January 2011 £'000	53 weeks ended 2 January 2010 £'000
Operating profit / (loss)	22,996	(161)
Loss on disposal of investments	-	95
Operating cash flows before movements in working capital	22,996	(66)
(Increase)/ decrease in receivables	(3,255)	3,923
Decrease in payables	(19,741)	(195)
Cash generated by operations	-	3,662
Net finance expenses	-	(4,219)
Tax paid	526	-
Net cash from /(used in) operating activities	526	(557)

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

Bakkavör Overseas Holdings Limited

Notes to the financial statements (continued)

52 weeks ended 1 January 2011

15. Events after the statement of financial position date

There have been no other material post statement of financial position events which would require disclosure or adjustment in the 1 January 2011 Financial Statements

16. Related party transactions

Transactions

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

	Interest receivable		Amounts owed to related parties		Amounts owed by related parties	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Group companies	<u>2,446</u>	<u>2,321</u>	<u>17,567</u>	<u>39,640</u>	<u>135,444</u>	<u>134,230</u>

The amounts outstanding are unsecured, include group relief 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.

17. Controlling party

The Company's ultimate parent company and ultimate controlling party is Bakkavör 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 Bakkavör Group ehf. It has included the Company in its Group financial statements, copies of which are available from Tjarnagata 35, 101 Reykjavík, Iceland.

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