

Company Registration No. 01027606

Bakkavör Overseas Holdings Limited

Report and Financial Statements

02 January 2010

SATURDAY



A1KHSLRG

A36

17/07/2010

326

COMPANIES HOUSE

Bakkavör Overseas Holdings Limited

Report and financial statements 2009

Contents	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibility Statement	4
Independent auditors' report	5
Income statement	6
Statement of changes in equity	6
Statement of financial position	7
Cash flow statement	8
Notes to the accounts	9

Bakkavör Overseas Holdings Limited

Report and financial statements 2009

Officers and professional advisers

Directors

A Gudmundsson
R Howes

Secretary

S Kaushal (appointed 31 March 2010)
J Punnett (resigned 05 August 2009)
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

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham
United Kingdom

Bakkavör Overseas Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the 53 week period ended 02 January 2010. Comparatives are for the 52 weeks ended 27 December 2008.

Enhanced business review and Principal activities

The Company is a 100% owned subsidiary within the Bakkavör London Limited group. Bakkavör Overseas Holdings Limited acted as an intermediary holding company during the period. The directors are satisfied with the results and achievements for the 53 week period to 02 January 2010 and believe that the future prospects of the Company are satisfactory.

The loss for the period, after taxation, amounted to £1,533,000 (2008 profit £14,592,000). Ordinary dividends of £nil (2008 £nil) were paid during the period.

The statement of financial position on page 7 of the financial statements shows shareholders' funds amounting to £94,069,000 (2008 £95,602,000). The Company's financial position at the period end has moved as a result of investment revenue receivable from group companies and exchange rate fluctuation on those Euro denominated balances. Details of amounts owed to and by group companies are shown in notes 10, 12 and 17.

On 24 March 2009 the directors of Bakkavör London Limited signed an amended agreement for the group's £700 million revolving credit facility which resulted in the covenant levels being reset. The amended facility amounts to £650 million and expires on 30 March 2012. Since the agreement was signed, and in accordance with the conditions of the agreement, there has been a reduction in the facility to £646 million.

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.

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.

Supplier payment policy

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

Bakkavör Overseas Holdings Limited

Directors' report (continued)

Directors

The directors who served throughout the period were as follows

A Gudmundsson
R Howes

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.

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 s418 of the Companies Act 2006.

Deloitte 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



R Howes
Director

8 July 2010

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. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 2006.

International Accounting Standard 1 requires that financial statements present fairly for each financial 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 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 auditors' report to the members of Bakkavör Overseas Holdings Limited

We have audited the financial statements of Bakkvor Overseas Holdings Limited for the 53 weeks ended 02 January 2010 which comprise the Income Statement, statement of changes in equity, statement of financial position, statement of cash flows and the related notes 1 to 18. 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 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 (APB'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.

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 02 January 2010 and of its loss 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

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

12 July 2010

Bakkavör Overseas Holdings Limited

Income statement

53 weeks ended 02 January 2010

	Note	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Administrative expenses		(161)	-
Other income		-	13,195
Operating (loss)/profit	6	(161)	13,195
Finance costs	4	(4,219)	-
Investment revenues	5	2,321	1,954
(Loss)/profit before taxation		(2,059)	15,149
Tax	8	526	(557)
Net (loss)/profit attributable to equity holders		(1,533)	14,592

All results relate to continuing operations. The company has no recognised gains and losses other than the (loss)/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

53 weeks ended 02 January 2010

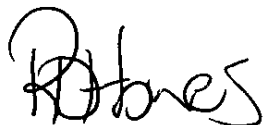
	Share Capital £'000	Retained earnings £'000	Total equity £'000
Balance at 29 December 2007	30,250	50,760	81,010
Profit for the period	-	14,592	14,592
Balance at 27 December 2008	30,250	65,352	95,602
Loss for the period	-	(1,533)	(1,533)
Balance at 02 January 2010	30,250	63,819	94,069

Bakkavör Overseas Holdings Limited

Statement of financial position 02 January 2010

		02 January 2010 £'000	27 December 2008 £'000
	Note		
Non-current assets			
Investments	9	-	95
Current assets			
Trade and other receivables	10	134,230	135,833
Current tax receivables		526	-
Total assets		<u>134,756</u>	<u>135,928</u>
Current liabilities			
Bank overdrafts and loans	11	(1,047)	(490)
Trade and other payables	12	(39,640)	(39,279)
Current tax liabilities		-	(557)
		<u>(40,687)</u>	<u>(40,326)</u>
Net current assets		<u>94,069</u>	<u>95,507</u>
Net assets		<u>94,069</u>	<u>95,602</u>
Equity			
Share capital	14	30,250	30,250
Retained earnings		63,819	65,352
Total equity		<u>94,069</u>	<u>95,602</u>

The financial statements of Bakkavor Overseas Holdings Limited, company number 01027606, were approved by the board and authorised for issue on 8 July 2010. They were signed on its behalf by



R Howes
Director

The accompanying notes are an integral part of this balance sheet

Bakkavör Overseas Holdings Limited

Cash flow statement

53 weeks ended 02 January 2010

		53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
	Note		
Net cash (used in)/from operating activities	15	(557)	1,481
Financing activities			
Decrease in bank overdrafts		-	(1,971)
Net cash (used in)/from financing activities		-	(1,971)
Net decrease in cash and cash equivalents		(557)	(490)
Cash and cash equivalents at beginning of period		(490)	-
Cash and cash equivalents at end of period		(1,047)	(490)
Cash and cash equivalents are analysed as follows			
Cash at bank		-	-
Bank overdraft		(1,047)	(490)
Cash and cash equivalents		(1,047)	(490)

Bakkavör Overseas Holdings Limited

Notes to the accounts

53 weeks ended 02 January 2010

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.

In the current period, the group has adopted the following interpretations with no material impact on the financial statements of the group:

<i>IFRIC 9</i>	<i>Reassessment of Embedded Derivatives</i>
<i>IFRIC 12</i>	<i>Service concession arrangements</i>
<i>IFRIC 13</i>	<i>Customer loyalty programmes</i>
<i>IFRIC 14</i>	<i>IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>
<i>IFRIC 16</i>	<i>Hedges of a net investment in a foreign operation</i>

In the current period, the group has adopted the following standards and interpretations in advance of their effective date of annual reporting periods beginning on or after 1 January 2009. The impact of the adoption of IAS 1 (revised) has been to modify the format of the primary statements in the accounts in accordance with the revised standard. IFRS 8 is not applicable to the Group. Adoption of other standards and interpretations has had no material impact on the financial statements.

<i>IFRS 2 (Revised)</i>	<i>Share-based payment</i>
<i>IAS 16 (Revised)</i>	<i>Property, plant and equipment</i>
<i>IAS 19 (Revised)</i>	<i>Employee benefits</i>
<i>IAS 20 (Revised)</i>	<i>Accounting for Government grants and disclosure of Government assistance</i>
<i>IAS 23 (Revised)</i>	<i>Borrowing costs</i>
<i>IAS 27 (Revised)</i>	<i>Consolidated and separate financial statements</i>
<i>IAS 28 (Revised)</i>	<i>Investments in associates</i>
<i>IAS 31 (Revised)</i>	<i>Interests in joint ventures</i>
<i>IAS 32 (Revised)</i>	<i>Financial instruments: Presentation</i>
<i>IAS 36 (Revised)</i>	<i>Impairment of assets</i>
<i>IAS 38 (Revised)</i>	<i>Intangible assets</i>
<i>IAS 39 (Revised)</i>	<i>Financial instruments: Recognition and Measurement</i>
<i>IAS 40 (Revised)</i>	<i>Investment property</i>
<i>IAS 41 (Revised)</i>	<i>Agriculture</i>
<i>IFRIC 15</i>	<i>Agreements for the Construction of Real Estate</i>
<i>IFRIC 19</i>	<i>Extinguishing finance liabilities with equity instruments</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 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 5 (Revised)</i>	<i>Non-current assets held for sale and discontinued operations</i>
<i>IFRS 7 (Revised)</i>	<i>Financial Instruments: Disclosures</i>
<i>IFRS 9</i>	<i>Financial Instruments</i>
<i>IAS 7 (Revised)</i>	<i>Statement of cash flows</i>
<i>IAS 17 (Revised)</i>	<i>Leases</i>
<i>IAS 18 (Revised)</i>	<i>Revenue</i>
<i>IAS 24 (Revised)</i>	<i>Related Party Disclosures</i>
<i>IAS 32 (Revised)</i>	<i>Classification of Rights Issues</i>

Bakkavör Overseas Holdings Limited

Notes to the accounts (continued) 53 weeks ended 02 January 2010

1. General information (continued)

<i>IAS 36 (Revised)</i>	<i>Impairment of Assets</i>
<i>IAS 38 (Revised)</i>	<i>Intangible assets</i>
<i>IAS 39 (Revised)</i>	<i>Financial instruments measurement and recognition</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>

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 group

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 Company is exempt from preparing group accounts under s400 of Companies Act 2006 as it is a wholly owned subsidiary of Bakkavor 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 balance sheet 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.

Bakkavör Overseas Holdings Limited

Notes to the accounts (continued) **53 weeks ended 02 January 2010**

2. Significant accounting policies (continued)

Financial instruments (continued)

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 balance sheet 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.

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 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.

Bakkavör Overseas Holdings Limited

Notes to the accounts (continued) **53 weeks ended 02 January 2010**

2. Significant accounting policies (continued)

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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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

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

Bakkavör Overseas Holdings Limited

Notes to the accounts (continued) 53 weeks ended 02 January 2010

4. Finance costs

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Foreign exchange differences	4,219	-
	<u>4,219</u>	<u>-</u>

5. Investment revenues

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Interest receivable from group undertakings	2,321	1,954
	<u>2,321</u>	<u>1,954</u>

6. Operating (loss)/profit for the period

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

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Loss on disposal of investments	95	-
	<u>95</u>	<u>-</u>

Audit fees

Audit fees in relation to the statutory audit of £5,000 (2008 £5,000) were borne by other group companies, and no non-audit fees were charged to the company (2008 £nil)

Bakkavör Overseas Holdings Limited

Notes to the accounts (continued) 53 weeks ended 02 January 2010

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

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Current tax		
UK corporation tax	(526)	557
Total current tax	(526)	557

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

	53 weeks ended 02 January 2010		52 weeks ended 27 December 2008	
	£'000	%	£'000	%
(Loss)/profit before tax	(2,059)	100	15,149	100
Tax at the UK corporation tax rate of 28% (2008 28.5%)	(577)	(28.0)	4,317	28.5
Tax effect of income that is not taxable in determining taxable profit	51	2.5	(3,760)	(24.8)
Tax expense and effective tax rate for the period	(526)	(25.5)	557	3.7

With effect from 1 April 2008 the full rate of corporation tax decreased from 30% to 28% hence the comparative rate of tax is a blended rate of 28.5%

Bakkavör Overseas Holdings Limited

Notes to the accounts (continued) 53 weeks ended 02 January 2010

9. Investments

	£'000
Shares in group undertakings	
Cost	
At 29 December 2007 and 27 December 2008	7,000
Disposals	(7,000)
At 02 January 2010	-
Impairment	
At 29 December 2007 and 27 December 2008	(6,905)
Disposals	(6,905)
At 02 January 2010	-
Net Book Value	
At 27 December 2008	95
At 02 January 2010	-

During the year, the company wrote off its investment in Caledonian Produce Limited, a company that had been struck off

10. Trade and other receivables

	02 January 2010 £'000	27 December 2008 £'000
Amounts receivable from group companies	134,230	135,833

Amounts receivable from group companies includes a balance of £58,029,000 (2008 £59,632,000) 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 accounts (continued) 53 weeks ended 02 January 2010

11. Bank overdraft

	02 January 2010 £'000	27 December 2008 £'000
Bank overdrafts	1,047	490

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.

	2009 %	2008 %
The weighted average interest rates paid by the group were as follows		
Bank overdrafts	5.60	5.69

12. Trade and other payables

	02 January 2010 £'000	27 December 2008 £'000
Amounts owed to group companies	39,640	39,279

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 accounts (continued) 53 weeks ended 02 January 2010

13. Financial instruments

Categories of financial instruments

	02 January 2010 £'000	27 December 2008 £'000
Financial assets		
Loans and receivables at amortised cost		
Amounts receivable from group companies	134,230	135,833
Financial liabilities		
Other Financial liabilities at amortised cost		
Amounts owed to group companies	39,640	39,279
Bank overdraft	1,047	490
	40,687	39,769

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 53 week period to 02 January 2010 the Euro weakened against sterling by 7.55%, with the closing rate at €1.1255. The average rate for the period to 02 January 2010 was €1.1233

Bakkavör Overseas Holdings Limited

Notes to the accounts (continued) 53 weeks ended 02 January 2010

13. 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	
	02 January 2010 £'000	27 December 2008 £'000
Euro	<u>(5,275)</u>	<u>(5,421)</u>

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 accounts (continued) 53 weeks ended 02 January 2010

14. Share capital

		02 January 2010 £'000	27 December 2008 £'000
Authorised			
Ordinary shares of £1 each		75,000	75,000
		<u> </u>	<u> </u>
Allotted, called-up and fully paid	02 January 2010	27 December 2008	
	No	No	£'000
Ordinary shares of £1 each	30,250,237	30,250,237	30,250
		<u> </u>	<u> </u>

15. Notes to the cash flow statement

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Operating (loss)/profit	(161)	13,195
Loss on disposal of investments	95	-
	<u> </u>	<u> </u>
Operating cash flows before movements in working capital	(66)	13,195
Decrease/(increase) in receivables	3,923	(16,978)
Increase in payables	(195)	5,264
	<u> </u>	<u> </u>
Cash generated by operations	3,662	1,481
Net finance expenses	(4,219)	-
	<u> </u>	<u> </u>
Net cash (used in)/from operating activities	(557)	1,481
	<u> </u>	<u> </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

Bakkavör Overseas Holdings Limited

Notes to the accounts (continued) 53 weeks ended 02 January 2010

16. 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 02 January 2010 Financial Statements

17. 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	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Group companies	2,321	1,954	39,640	39,279	134,230	135,833

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.

18. 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 Bakkavör London 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 Bakkavör Limited to be the immediate parent company.