

**Formwood Group (UK) Limited**  
(Registered Number 2046126)

**Directors' Report and Accounts**

**For the year ended 31 December 2006**



# Formwood Group (UK) Ltd

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# **Formwood Group (UK) Limited**

## **Company information**

### **Directors**

P A Leach  
GP Tyley

### **Secretary**

C Hines

### **Registered office**

28 The Green  
Kings Norton  
Birmingham  
B38 8SD

### **Registered number**

2046126

### **Auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

# Formwood Group (UK) Limited

## Directors' report

The directors present their report and financial statements of the company for the year ended 31 December 2006

### Business review

The company has not traded during the year and will not do so for the foreseeable future

### Directors and their interests

The directors who held office during the period are listed below

#### Name

P A Leach  
G P Tyley

No directors held interests in shares, share options or debentures of Formwood Group (UK) Limited or any other company in the Premier Foods plc group during the years ended 31 December 2006 and 31 December 2005, except as disclosed below

During the year, the directors had interests in share options of Premier Foods plc as follows

Name of Director	Scheme	Options at 31 December 2005	Options granted during the year	Adjustment for Rights Issue	Options at 31 December 2006	Exercise price	Exercise period commencing	Exercise period ending
Paul Leach	Executive Share Option Scheme	50,000	-	13,366	63,266	£1 70	2007	2014
	Sharesave Plan 2005	1,640	-	438	2,078	£1 82	2008	2008
	Sharesave Plan 2006	-	2,377	635	3,012	£1 86	2009	2009
Gwynfor Tyley	Sharesave Plan 2005	1,640	-	438	2,078	£1 82	2008	2008
	Sharesave Plan 2006	-	2,377	635	3,012	£1 86	2009	2009
	Shadow Awards	18,654	-	4,986	23,640	£1 70	2007	2014

# Formwood Group (UK) Limited

## Directors' report continued

The exercise of the Executive Share Option Scheme share options and the shadow awards is conditional upon the satisfaction of performance conditions based on total shareholder return and earnings per share of Premier Foods plc as set out in the annual report of Premier Foods plc while the exercise of the share options held under the Sharesave Plan is not subject to any performance conditions

During the year additional options were granted to reflect the increase in ordinary shares issued from the one for one Rights issue in Premier Foods plc, though this does not represent an increase in value. As a result, the exercise price of all options granted under both the Executive Share Option Scheme and Shadow Awards was adjusted to £1.70 per ordinary share. Similarly, the weighted average exercise price for share options granted under the Sharesave Plans 2005 and 2006 was adjusted to £1.82 and £1.86 respectively per ordinary share.

In addition, the directors also had interests in the following number of shares awarded under the Long-Term Incentive Plan of Premier Foods plc as detailed below:

Name of Director	Scheme	Awards at 31 December 2005	Awards granted during the year	Adjustment for Rights Issue	Awards at 31 December 2006	Award date	End of period when qualifying conditions must be met
Paul Leach	Long-Term Incentive Plan 2005	18,390	-	4,916	23,306	2005	2008
	Long-Term Incentive Plan 2006	-	19,931	5,328	25,529	2006	2009
Gwynfor Tyley	Long-Term Incentive Plan 2005	6,960	-	1,860	8,820	2005	2008
	Long-Term Incentive Plan 2006	-	17,182	4,593	21,775	2006	2009

The vesting of these awards is subject to the fulfilment of performance conditions based on total shareholder return and earnings per share of Premier Foods plc as set out in the annual report of Premier Foods plc.

The price at which the ordinary shares under the plan may be acquired upon the exercise of an option shall be £1 in aggregate and the exercise period for these is from 2008 to 2015.

Options granted consequent upon the making of an award may not be exercised before the anniversary of the award date and in any event must be exercised before the tenth anniversary of the award date.

# Formwood Group (UK) Limited

## Directors' report continued

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and consistently applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 the company have taken all the steps that they ought to have taken as directors in order to make themselves aware of any information needed by the company's auditors in connection with preparing their report and to establish that the auditors are aware of that information and so far as the directors are aware there is no such information of which the company's auditors are unaware.

### Auditors

For the year ended 31 December 2006 the company was entitled to exemption under Section 249AA(1) of the Companies Act 1985. Members have not required the company to obtain an audit in accordance with Section 249B(2) of the Companies Act 1985.

By order of the Board

  
G P Tyley  
Director

13 June 2007

# Formwood Group (UK) Limited

## Balance sheet as at 31 December 2006

	Note	2006 £	2005 £
Creditors amounts falling due within one year	4	<u>(1,432,038)</u>	<u>(1,432,038)</u>
Net liabilities		<u>(1,432,038)</u>	<u>(1,432,038)</u>
Capital and reserves			
Called up share capital	5	3,700,000	3,700,000
Profit and loss account	6	<u>(5,132,038)</u>	<u>(5,132,038)</u>
Total shareholders' funds	7	<u>(1,432,038)</u>	<u>(1,432,038)</u>

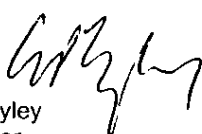
For the year ended 31 December 2006 the company was entitled to exemption under Section 249AA(1) of the Companies Act 1985

Members have not required the company to obtain an audit in accordance with Section 249B(2) of the Companies Act 1985

The directors acknowledge their responsibility for

- i) ensuring the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
- ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of the Companies Act relating to financial statements, so far as applicable to the company

These financial statements on pages 5 to 8 were approved by the Board of Directors on 13 June 2007 and were signed on its behalf by

  
G P Tyley  
Director

The notes on pages 6 to 8 form an integral part of these financial statements

# **Formwood Group (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2006**

### **1 Accounting policies**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and on a going concern basis in accordance with the Companies Act 1985 and applicable accounting standards

The company is dependent on continuing finance being made available by an intermediate parent undertaking to enable it to continue operating and meet its liabilities as they fall due. The intermediate parent undertaking has agreed to provide sufficient funds to the company for these purposes. The directors consider it is appropriate to prepare the financial statements on a going concern basis.

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included in the consolidated financial statements of Premier Foods plc, copies of which are available at Premier Foods plc's registered office, which is at Premier House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE.

The principal accounting policies of the company are set out below.

#### **Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at the balance sheet date. These translation differences are dealt with in the profit and loss account.

#### **Fixed asset investments**

Investments held as fixed assets are stated at cost less any provision required for impairment in their value. An impairment loss is recognised, in the profit and loss account, to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from operating the assets.

#### **Taxation**

The charge for taxation is based on the profit/(loss) for the year and takes into account deferred taxation. Financial Reporting Standard 19 "Deferred tax" ("FRS 19") requires full provision to be made for deferred tax arising from timing differences between the recognition of gains and losses in the financial statements and their inclusion in tax computations to the extent that the tax liability or an asset is expected to be payable or recoverable in the foreseeable future.

#### **Cash flow statement and related party disclosures**

The company is a wholly owned subsidiary of Premier Foods plc and is included in the consolidated financial statements of that group, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Transactions" ("FRS 8") from disclosing related party transactions with entities that are part of the Premier Foods plc group or investees of the Premier Foods plc group.



# Formwood Group (UK) Limited

## Notes to the financial statements for the year ended 31 December 2006

### 2 Profit on ordinary activities before taxation

The company did not incur any operating income or expenditure for the year ended 31 December 2006

Audit fees in respect of the company have been borne by another group undertaking

The company did not have any employees during the year. All directors were paid by other group undertakings for their services as a whole and no specific allocation of their remuneration has been made in respect of this company. Retirement benefits are accruing to all directors under a defined benefit scheme operated by another group undertaking.

The company has taken advantage of the exemption available under the Companies Act 1985 not to disclose separately emoluments of the highest paid director on the basis that the aggregate directors' emoluments did not exceed £200,000.

### 3 Tax on profit on ordinary activities

No corporation tax charge arises for the years ended 31 December 2005 and 2006 as the company did not trade.

### 4 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	1,432,038	1,432,038
	<u>1,432,038</u>	<u>1,432,038</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

### 5 Called up share capital

	2006 £	2005 £
<b>Authorised</b>		
Ordinary shares of £1 each	20,000,000	20,000,000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>3,700,000</u>	<u>3,700,000</u>

### 6 Reserves

	Profit and loss reserve £
At 1 January 2006	(5,132,038)
Retained profit for the year	<u>-</u>
At 31 December 2006	<u>(5,132,038)</u>

The company did not trade during the year ended 31 December 2006 nor in the preceding financial year and incurred neither profit nor a loss. Consequently no profit and loss account has been prepared.

# Formwood Group (UK) Limited

## Notes to the financial statements for the year ended 31 December 2006

### 7 Reconciliation of movements in shareholders' deficit

	2006 £	2005 £
Profit/(loss) for the financial year	-	-
Opening shareholders' deficit	(1,432,038)	(1,432,038)
Closing shareholders' deficit	(1,432,038)	(1,432,038)

### 8 Parent undertakings

The immediate parent undertaking is Hillsdown International Limited, a company incorporated and registered in England and Wales

At 31 December 2006, the ultimate parent undertaking and controlling party is Premier Foods plc, a company incorporated in Great Britain and registered in England and Wales

Copies of the consolidated financial statements of Premier Foods plc are available at the company's registered office, which is Premier House, Centrum Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE