

**SOLWAY FOODS HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**52 WEEKS ENDED 29 MARCH 2008**

**REGISTERED NO. 02930016**

MONDAY



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## **SOLWAY FOODS HOLDINGS LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISORS**

#### **DIRECTORS**

S Henderson

J Lill (Resigned 22 July 2008)

C Williams

#### **SECRETARY**

C Williams

#### **AUDITORS**

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

1 City Square

Leeds

LS1 2AL

#### **REGISTERED OFFICE**

2180 Century Way

Thorpe Park

Leeds

LS15 8ZB

## **SOLWAY FOODS HOLDINGS LIMITED**

### **DIRECTORS' REPORT**

The directors present their Annual report and audited financial statements for the 52 weeks ended 29 March 2008

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The company is a wholly owned subsidiary of Northern Foods plc

The principal activity of the company is that of investment

The result for the period, as disclosed in the company's profit and loss account on page 5, is considered to be satisfactory

### **Principal risks and uncertainties**

The company is financed by inter group loans from its parent company and therefore has no external interest rate exposure

Group risks are discussed in the Group's Annual report which does not form part of this report

### **Environment**

The Northern Foods plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damages that might be caused by the Group's activities. The company operates in accordance with Group policies, which are described in the Group's Annual report which does not form part of this report

### **Employees**

The company has no employees other than the directors. Details of the directors' emoluments can be found in note 2

### **Future Prospects**

The directors have considered the future prospects of the company to be satisfactory

### **RESULTS AND DIVIDENDS**

The profit for the period attributable to shareholders amounts to £4,000,000 (2006/07 £nil) and is dealt with as shown in the profit and loss account. An interim dividend of £4,000,000 (2006/07 £nil) was paid on 26 March 2008. The directors do not recommend the payment of a final dividend (2006/07 £nil)

### **DIRECTORS**

The directors of the company who served during the period ended 29 March 2008 and up to the date of signing were those listed on page 1

## **SOLWAY FOODS HOLDINGS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- 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.

### **CHARITABLE AND POLITICAL DONATIONS**

There were no donations to charitable organisations (2006/07 £nil). There were no political contributions (2006/07 £nil).

### **AUDITORS**

In the case of each of the persons who are directors of the company at the date when this report was approved,

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- Each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board



C Williams  
Secretary

17 October 2008

## **SOLWAY FOODS HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLWAY FOODS HOLDINGS LIMITED**

We have audited the financial statements of Solway Foods Holdings Limited for the 52 weeks ended 29 March 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

#### **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.

#### **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 29 March 2008 and of its profit for the 52 weeks then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Leeds

17 October 2008

## SOLWAY FOODS HOLDINGS LIMITED

### PROFIT AND LOSS ACCOUNT for the 52 weeks ended 29 March 2008

	<i>Notes</i>	<b>2008 £'000</b>	<b>2007 £'000</b>
Income from subsidiary undertaking		<b>4,000</b>	-
<b>Profit on ordinary activities before taxation</b>		<b>4,000</b>	-
Taxation on profit on ordinary activities	3	-	-
<b>Profit for financial period</b>	7	<b>4,000</b>	-

All results derive from continuing operations

There were no recognised gains or losses in either period other than the profit for that period

# SOLWAY FOODS HOLDINGS LIMITED

## BALANCE SHEET as at 29 March 2008

	Notes	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Investments	5	10,000	10,000
<b>Current assets</b>			
Debtors amounts falling due after more than one year	6	174	174
<b>Net current assets</b>		174	174
<b>Net assets</b>		10,174	10,174
<b>Capital and reserves</b>			
Called up share capital	7	1,035	1,035
Profit and loss account	8	9,139	9,139
<b>Shareholders' funds</b>	9	10,174	10,174



S Henderson  
Director

17 October 2008

## **SOLWAY FOODS HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 29 March 2008**

#### **1. ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards

A summary of the more important accounting policies, applied consistently, is set out below

##### **Cash flow statement**

The company is exempt from the requirement of FRS 1 to present a cash flow statement since it is a wholly owned subsidiary undertaking of Northern Foods plc, in whose financial statements a cash flow statement is presented

##### **Taxation**

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that the underlying timing differences will reverse. The discount rates used reflect the post-tax yields to maturity that can be obtained on government bonds with similar maturity dates and currencies to those of the deferred tax liabilities

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered

##### **Dividends presented within shareholders' funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer authorised at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

##### **Investments**

Investments are valued at cost less any provision for impairment where applicable

## SOLWAY FOODS HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 29 March 2008

#### 2. EMOLUMENTS OF DIRECTORS AND AUDITORS' REMUNERATION

None of the directors received any remuneration from the company during the period (2006/07 £nil) The directors are remunerated by other group companies. The directors received combined emoluments of £528,000 (2006/07 £523,000). It is not practicable to ascertain what proportion of their emoluments relate to the company.

In both the current and prior period, auditors' remuneration of £500 was borne by another group company.

#### 3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2008 £'000	2007 £'000
UK Corporation tax at 30%	-	-
Adjustment to prior periods' UK corporation tax	-	-
	-	-

The corporation tax charge for the period is lower than the standard UK corporation tax rate of 30% (2006/07 equal to). The differences are explained below.

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	4,000	-
Taxation on profit on ordinary activities at the standard UK corporation tax rate of 30% (2006/07 30%)	1,200	-
Factors affecting the charge		
Intercompany dividends not taxable	(1,200)	-
<b>Corporation tax charge for period</b>	-	-

#### 4. EQUITY DIVIDENDS

	2008 £'000	2007 £'000
Interim equity dividend paid on ordinary shares	4,000	-

# SOLWAY FOODS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 29 March 2008

### 5. FIXED ASSET INVESTMENTS

	£'000
Investments in subsidiary at cost	
At start and at end of period	10,000

The company holds 100% of the ordinary share capital of Solway Foods Limited, a company registered in England and Wales. The company is in the business of the manufacture of chilled food products.

The company is a wholly owned subsidiary undertaking of a body registered in England and Wales and advantage has been taken of Section 228 of the Companies Act 1985, in that consolidated financial statements have not been prepared.

In the opinion of the directors the value of the company's investment in its subsidiaries is not less than the amount at which it is stated in the balance sheet.

### 6. DEBTORS

	2008 £'000	2007 £'000
Amounts falling due after more than one year:		
Amounts due from group undertakings	174	174

### 7. CALLED UP SHARE CAPITAL

	2008 £'000	2007 £'000
<b>Authorised:</b>		
10,527,000 Ordinary shares of 10p each	1,053	1,053
<b>Allotted, called up and fully paid:</b>		
10,349,030 Ordinary shares of 10p each	1,035	1,035

### 8. PROFIT AND LOSS ACCOUNT

	£'000
At start of period	9,139
Profit for financial period	4,000
Dividends paid	(4,000)
<b>At end of period</b>	<b>9,139</b>

## **SOLWAY FOODS HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**52 weeks ended 29 March 2008**

#### **9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Profit for the financial period	<b>4,000</b>	-
Dividends paid	<b>(4,000)</b>	-
Movement in shareholders' funds	-	-
Opening shareholders' funds	<b>10,174</b>	10,174
Closing shareholders' funds	<b>10,174</b>	10,174

#### **10. ULTIMATE PARENT UNDERTAKING**

The parent company of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Northern Foods plc, a company registered in England and Wales. Northern Foods plc is also the company's immediate and ultimate parent undertaking. Copies of Northern Foods plc's Annual report can be obtained from 2180 Century Way, Thorpe Park, Leeds, LS15 8ZB or from the company's website at [www.northernfoods.com](http://www.northernfoods.com)

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Northern Foods plc group