

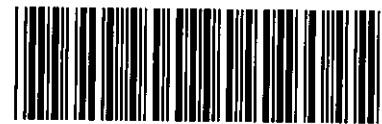
# Greenvale AP Limited

## FINANCIAL STATEMENTS

for the year ended

24 June 2006

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09/03/2007  
COMPANIES HOUSE

Company Registration No. 3163230

# Greenvale AP Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

A H Owens  
A Behagg  
A Armstrong  
D Baxter  
A Bambridge  
J Tucholski  
P M Coleman  
R B Coleman *CLAPHAM*  
T S Dear

### SECRETARY

B W Ransley

### COMPANY NUMBER

3163230 (England and Wales)

### REGISTERED OFFICE

252 Upper Third Street  
Grafton Gate East  
Milton Keynes  
Bucks  
Great Britain  
MK9 1DZ

### AUDITORS

Baker Tilly  
Garrick House  
76-80 High Street  
Old Fletton  
Peterborough  
Cambridgeshire  
PE2 8ST

### BANKERS

Lloyds TSB Bank Plc  
First Floor  
140 Wharfedale Road  
Winersh Triangle  
Winersh  
Berkshire  
Great Britain  
RG41 5SB

Clydesdale Bank  
2nd Floor  
10 Fleet Place  
London  
EC4M 7RB

# Greenvale AP Limited

## DIRECTORS' REPORT

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The directors present their report and financial statements of Greenvale AP Limited for the year ended 24 June 2006.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of the sale of potatoes to retailers, processors and wholesalers and sale of seed potatoes.

### REVIEW OF THE BUSINESS

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Reporting of principal risks and uncertainties and key performance indicators have been undertaken at a group level and are disclosed in the group annual report of Produce Investments Limited, on pages 4 and 5.

### RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £4,180,000.

The directors do not recommend payment of a final dividend.

### DIRECTORS

The following directors have held office since 26 June 2005:

A H Owens	
A Behagg	
A Armstrong	
D Baxter	(Appointed 23 June 2006)
A Bambridge	
J Tucholski	(Appointed 23 June 2006)
P M Coleman	(Appointed 23 June 2006)
R B Coleman <i>CLAPHAM</i>	(Appointed 23 June 2006)
T S Dear	(Appointed 23 June 2006)

### DIRECTORS' INTERESTS IN SHARES

The directors' had no direct interests in the shares of the company.

The directors' interests in the shares of the ultimate parent company, Produce Investments Ltd, are disclosed in that Company's financial statements, which are available from the address given in note 26.

### RESEARCH AND DEVELOPMENT

Research and development continues in three major areas - developing new and improved potato varieties with increased resistance to potato diseases in conjunction with Scottish Crop Research Institute, treatments and products to assist in the storage of potatoes, and the introduction of potato products in a variety of different formats including further processing that are additive and chemical free whilst maintaining higher proportions of their natural healthy ingredients.

### POLITICAL AND CHARITABLE DONATIONS

Donations to UK charities amounted to £15,000 (2005 - £2,000). The company made no political contributions during the period.

# Greenvale AP Limited

## DIRECTORS' REPORT (CONTINUED)

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### EMPLOYEE INVOLVEMENT

The directors recognise the benefits which arise from keeping employees informed of the group's progress and plans, and through their participation in the group's performance. The group is therefore committed to providing its employees with information on a regular basis, to consult them on a regular basis so that their views may be taken into account in taking decisions which may affect their interests, and in encouraging their participation in schemes through which they will benefit from the group's progress and profitability.

### DISABLED PERSONS

It is the group's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities should be based on a realistic assessment of their aptitudes and abilities. Wherever possible, the group will continue the employment of persons who become disabled during the course of their employment with the group through retraining, acquisition of special aids and equipment or the provision of suitable alternative employment.

### AUDITORS

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with Section 386(1) of the Companies Act 1985. Therefore, the auditors, Baker Tilly, will be deemed to be reappointed for each succeeding financial year.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board



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13 February 2007

# Greenvale AP Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENVALE AP LIMITED

We have audited the financial statements on pages 7 to 28.

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 auditor's 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 Annual Report and 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENVALE AP LIMITED  
(CONTINUED)

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 24 June 2006 and of its loss for the year then ended and 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.

  
BAKER TILLY

Registered Auditor  
Chartered Accountants  
Garrick House  
76-80 High Street  
Old Fletton  
Peterborough  
Cambridgeshire  
PE2 8ST

13 February 2007

**Greenvale AP Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 24 June 2006

		2006	(Restated) 2005
	<i>Notes</i>	£000	£000
TURNOVER	1	139,704	123,219
Change in stocks of finished goods and work in progress		(18)	(1,786)
		<u>139,686</u>	<u>121,433</u>
Raw materials and other consumables		98,255	84,801
Distribution costs		9,343	7,248
Staff costs	6	15,314	13,446
Depreciation and amortisation		2,054	1,810
Other operating charges		7,425	7,521
Operating profit		<u>7,295</u>	<u>6,607</u>
Investment income	3	777	692
		<u>8,072</u>	<u>7,299</u>
Amounts written off investments	25	(10,584)	-
Interest payable and similar charges	4	(1,825)	(1,986)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>(4,337)</u>	<u>5,313</u>
Taxation	7	(800)	(843)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19	<u><u>(5,137)</u></u>	<u><u>4,470</u></u>

The operating profit for the year arises from the company's continuing operations.



# Greenvale AP Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 24 June 2006

		2006	(Restated) 2005
	Notes	£000	£000
(Loss)/profit for the financial year		(5,137)	4,470
Actuarial gain / (loss) in respect of pension scheme		763	(1,240)
Deferred taxation thereon		(246)	358
Total recognised gains and losses relating to the year		(4,620)	3,588
Prior year adjustment	9	(2,131)	-
Total gains and losses recognised since last financial statements		(6,751)	3,588

# Greenvale AP Limited

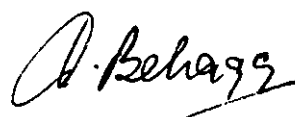
## BALANCE SHEET

24 June 2006

			(Restated)
		2006	2005
	Notes	£000	£000
<b>FIXED ASSETS</b>			
Intangible assets	10	123	133
Tangible assets	11	13,828	13,661
Investments	12	4,381	4,502
		<u>18,332</u>	<u>18,296</u>
<b>CURRENT ASSETS</b>			
Stocks	13	4,579	4,597
Debtors	14	17,927	23,497
Cash at bank and in hand		52	920
		<u>22,558</u>	<u>29,014</u>
CREDITORS: Amounts falling due within one year	15	25,754	26,954
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(3,196)</u>	<u>2,060</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,136</u>	<u>20,356</u>
CREDITORS: Amounts falling due after more than one year	16	(28)	(57)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(1,256)	(1,257)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>13,852</u>	<u>19,042</u>
PENSION SCHEME LIABILITY	24	(1,561)	(2,131)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>12,291</u>	<u>16,911</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	750	750
Share premium account	19	6,923	6,923
Other reserves	19	520	520
Profit and loss account	19	4,098	8,718
<b>NON-EQUITY SHAREHOLDERS' FUNDS</b>	20	<u>12,291</u>	<u>16,911</u>

The financial statements on pages 7 to 28 were approved by the board of directors and authorised for issue on 13/2/2007 and are signed on its behalf by:

Director



# Greenvale AP Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group, and the company is included in consolidated financial statements.

In preparing these financial statements the company has adopted the following Financial Reporting Standard for the first time.

#### FRS 25 - Financial Instruments: Disclosure and Presentation

The implementation of the new reporting standard has resulted in the Redeemable Preference shares and the Redeemable 'B' Preference shares being reclassified within 'Creditors: amounts falling due within one year'. The change in presentation is required under FRS 25, as the company's two classes of preference shares meet the definition of a financial liability rather than an equity instrument.

As the preference shares are now classed as a financial liability, any dividends payable upon these are now disclosed within 'Interest payable'.

Comparative figures have been restated.

In addition, the company has fully adopted FRS 17 - Retirement Benefits for the first time. See note 9.

### GOODWILL

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised. Positive goodwill is amortised to nil by equal annual instalments over the period which the directors consider the group will derive direct economic benefit from that goodwill. For the acquisitions made to date, this period is currently considered to be 15 years for incorporated businesses and one year for unincorporated businesses. Negative goodwill arising from acquisitions is capitalised on the balance sheet and written off over the expected remaining useful life of the non-monetary assets of the acquired entity.

### RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off against profits in the period in which it is incurred.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Land and buildings freehold	5 to 50 years
Plant and machinery	5 to 15 years
Fixtures, fittings & equipment	2 to 10 years

### INVESTMENTS

Fixed asset investments are stated at cost, less amounts written off.

# Greenvale AP Limited

## ACCOUNTING POLICIES (CONTINUED)

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### STOCK AND WORK IN PROGRESS

Stock and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of production. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events 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 measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### LEASED ASSETS

The annual rentals on 'operating leases' are charged to the profit and loss account on a straight line basis over the lease term. Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

### PENSIONS CONTRIBUTIONS

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. The company contributes to a stakeholder scheme and also personal pension plans of certain employees, who were former employees of E.S. Black Limited. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

# Greenvale AP Limited

## ACCOUNTING POLICIES (CONTINUED)

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### TURNOVER

Turnover represents the amounts, net of Value Added Tax, derived from the provision of goods and services to third party customers, less amounts payable to customers for retrospective rebates.

Turnover is recognised on despatch for sales of potatoes to retailers and processors and on confirmed delivery to the customer for seed potatoes.

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 24 June 2006

### 1. TURNOVER

In the opinion of the directors, the principal activity is the only market segment in which the company operates.

By geographical market:

	Turnover	
	2006	2005
	£000	£000
UK	137,108	120,257
Other EU countries	1,629	2,108
Rest of world	967	854
	<u>139,704</u>	<u>123,219</u>

### 2. OTHER OPERATING EXPENSES

	(Restated)	
	2006	2005
	£000	£000
Administrative expenses	<u>24,793</u>	<u>22,777</u>

### 3. INVESTMENT INCOME

	(Restated)	
	2006	2005
	£000	£000
Expected return on pension scheme assets	<u>777</u>	<u>692</u>

### 4. INTEREST PAYABLE

	(Restated)	
	2006	2005
	£000	£000
On bank loans and overdrafts	1,083	1,136
Interest payable on pension scheme liabilities	731	641
Dividends paid on preference shares - Nil (2005 - £0.09)	-	6
Dividends paid on 'B' preference shares - Nil (2005 - £0.09)	-	195
On overdue tax	11	-
Other interest	-	8
	<u>1,825</u>	<u>1,986</u>

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 24 June 2006

5. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2006 £000	2005 £000
(Loss)/Profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation and other amounts written off intangible assets	10	10
Impairment of investments in group undertakings	4,126	-
Exceptional provision against intercompany loan	6,458	-
Depreciation of tangible assets:		
Charge for the year:		
owned assets	2,004	1,786
leased assets	40	14
Loss/(Profit) on disposals	19	15
Research and development:		
Current year's expenditure	413	93
Net exchange (Gains)/Losses	(37)	24
Operating lease rentals:		
Plant and machinery	711	597
Equipment	392	364
Auditors' remuneration	54	32
Remuneration of auditors for non-audit work	7	15

The company has borne the audit fees in respect of group companies.

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

### 6. EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was:	2006 No.	2005 No.
Production and warehouse	607	626
Management and administration	105	109
	<u>712</u>	<u>735</u>
		(Restated)
	£000	£000
Staff costs for the above persons:		
Wages and salaries	13,652	11,949
Social security costs	1,065	977
Other pension costs	597	520
	<u>15,314</u>	<u>13,446</u>

Wages and salaries are shown net of management charges to other group companies amounting to £Nil (2005 £625,000), and includes agency labour amounting to £1,651,000 (2005 £775,000).

DIRECTORS' REMUNERATION	2006 £000	2005 £000
Emoluments for qualifying services	414	490
Company pension contributions	52	67
	<u>466</u>	<u>557</u>
	2006	2005
Highest paid director:	£000	£000
Emoluments for qualifying services	150	134
Company pension contributions to money purchase schemes	16	14
Accrued pension at the end of the year	68	68

Retirement benefits are accruing to two (2005 - two) directors within the company's defined benefit scheme and two directors (2005 - two) in other pension schemes.



# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

7. TAXATION	(Restated)	
	2006	2005
	£000	£000
Domestic current year tax		
U.K. corporation tax	858	1,134
Adjustment for prior years	(57)	7
	<u>801</u>	<u>1,141</u>
Current tax charge		
Deferred tax		
Origination and reversal of timing differences	(1)	(278)
Deferred tax adjustments arising in previous periods	-	(20)
	<u>(1)</u>	<u>(298)</u>
	<u>800</u>	<u>843</u>
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	<u>(4,337)</u>	<u>5,313</u>
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%)	<u>(1,301)</u>	<u>1,594</u>
Effects of:		
Non deductible expenses	2,942	83
Depreciation in excess of (less than) capital allowances	2	(55)
Adjustments to previous periods	(57)	7
Other adjustments	240	(25)
Group relief claimed without payment	(1,025)	(463)
	<u>2,102</u>	<u>(453)</u>
Current tax charge	<u>801</u>	<u>1,141</u>
8. DIVIDENDS	(Restated)	
	2006	2005
	£000	£000
Interim dividends on non-equity shares:		
Ordinary - Nil (2005 - £0.09) per share	-	27
'A' ordinary - Nil (2005 - £1.05) per share	-	447
	<u>-</u>	<u>474</u>

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

### 9. PRIOR YEAR ADJUSTMENT

In the current year the company has fully adopted FRS 17 - Retirement Benefits - for the year ended 24 June 2006 accounts for the first time. This results in a pension liability (net of deferred tax) of £1,561,000 being accounted for in the financial statements (2005: £2,131,000). The liability existing as at 26 June 2005 has been incorporated via the profit and loss account reserve as shown in note 19 and further information on the effect of FRS 17 is explained in note 24.

### 10. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £000
Cost	
At 26 June 2005 and at 24 June 2006	166
Amortisation	
At 26 June 2005	33
Charge in the year	10
At 24 June 2006	43
Net book value	
24 June 2006	123
26 June 2005	133

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

### 11. TANGIBLE FIXED ASSETS

	<i>Land and buildings freehold</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings &amp; equipment</i>	<i>Total</i>
	£000	£000	£000	£000
Cost				
26 June 2005	9,800	8,150	657	18,607
Additions	220	1,929	81	2,230
Disposals	-	(417)	-	(417)
24 June 2006	10,020	9,662	738	20,420
Depreciation				
26 June 2005	2,121	2,539	286	4,946
Charge in the year	453	1,462	129	2,044
Disposals	-	(398)	-	(398)
24 June 2006	2,574	3,603	415	6,592
Net book value				
24 June 2006	7,446	6,059	323	13,828
25 June 2005	7,679	5,611	371	13,661

Included above are assets held under finance leases or hire purchase contracts as follows:

	<i>Plant and machinery</i>
	£000
Net book value	
24 June 2006	161
25 June 2005	220

The gross book value of freehold land and buildings includes £727,000 (2005: £727,000) of non-depreciable assets.

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

### 12. FIXED ASSET INVESTMENTS

	<i>Trade investments</i>	<i>Shares in group undertakings</i>	<i>Total</i>
	£000	£000	£000
Cost			
26 June 2005	2	4,500	4,502
Additions	5	4,000	4,005
	<hr/>	<hr/>	<hr/>
24 June 2006	7	8,500	8,507
	<hr/>	<hr/>	<hr/>
Provisions for diminution in value			
26 June 2005	-	-	-
Charge in the year	-	4,126	4,126
	<hr/>	<hr/>	<hr/>
24 June 2006	-	4,126	4,126
	<hr/>	<hr/>	<hr/>
Net book value			
24 June 2006	7	4,374	4,381
	<hr/>	<hr/>	<hr/>
25 June 2005	2	4,500	4,502
	<hr/>	<hr/>	<hr/>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

<i>Company</i>	<i>Country of registration or incorporation</i>	<i>Shares held</i>	
		<i>Class</i>	<i>%</i>
Subsidiary undertakings			
Greenvale Foods Limited	UK	Ordinary	100
Greenvale Growing Limited	Scotland	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	<i>Capital and reserves</i>	<i>Profit/(loss) for the year</i>
	£000	£000
Greenvale Foods Limited	(2,084)	(6,291)
Greenvale Growing Limited	306	306
	<hr/>	<hr/>

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

13. STOCKS AND WORK IN PROGRESS	2006 £000	2005 £000
Raw materials and consumables	3,401	3,257
Work in progress	864	999
Finished goods and goods for resale	314	341
	<u>4,579</u>	<u>4,597</u>

14. DEBTORS	2006 £000	2005 £000
Due within one year:		
Trade debtors	10,038	10,185
Amounts owed by group undertakings	6,293	11,698
Other debtors	560	516
Prepayments and accrued income	1,036	1,098
	<u>17,927</u>	<u>23,497</u>

Included within prepayments is an amount of £44,000 (2005: £44,000) in respect of the defined benefit pension scheme.

15. CREDITORS: Amounts falling due within one year	2006 £000	(Restated) 2005 £000
Bank overdraft	3,142	-
Bank loans	1,928	3,246
Redeemable preference shares of 1 penny each	75	75
Redeemable 'B' preference shares of £1 each	2,291	2,291
Obligations under finance lease and hire purchase contracts	37	73
Trade creditors	13,078	13,180
Amounts owed to group undertakings	-	2,863
Corporation tax	371	836
Other taxes and social security costs	345	332
Accruals and deferred income	4,487	4,058
	<u>25,754</u>	<u>26,954</u>

The bank loans are secured against sales invoices raised and stock levels held.

The bank overdraft is secured by a composite cross guarantee given by group companies - see note 23, first legal charges over land and buildings, debentures over all present and future assets of the group and assignment of keyman policies.

Obligations under finance leases and hire purchase agreements amounting to £37,000 (2005: £73,000) are secured on the assets to which they relate.

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 24 June 2006

16. CREDITORS: Amounts falling due in more than one year	2006 £000	2005 £000
Obligations under finance leases and hire purchase agreements	<u>28</u>	<u>57</u>
	2006 £000	2005 £000
Obligations under finance leases and hire purchase contracts:		
Repayable within one year	37	73
Repayable between two and five years	<u>28</u>	<u>57</u>
	<u>65</u>	<u>130</u>
	65	130
Included in current liabilities	<u>(37)</u>	<u>(73)</u>
	<u>28</u>	<u>57</u>

Obligations under finance leases and hire purchase agreements amounting to £28,000 (2005: £57,000) are secured on the assets to which they relate.

### 17. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Deferred taxation</i> £000	<i>Total</i> £000
Balance at 26 June 2005	1,257	1,257
Transfer to profit and loss account	<u>(1)</u>	<u>(1)</u>
Balance at 24 June 2006	<u>1,256</u>	<u>1,256</u>

Deferred taxation provided in the financial statements is as follows:

	2006 £000	2005 £000
Excess of tax allowances over depreciation	<u>1,256</u>	<u>1,257</u>

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 24 June 2006

### 18. SHARE CAPITAL

		(Restated)
	2006	2005
	£000	£000
Authorised:		
Ordinary shares of £1 each	1,070	1,070
Preference shares of 1 penny each	99	99
'B' preference shares of £1 each	2,291	2,291
	<u>3,460</u>	<u>3,460</u>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	750	750
Preference shares of 1 penny each	75	75
'B' preference shares of £1 each	2,291	2,291
	<u>3,116</u>	<u>3,116</u>

Issued share capital classed as equity instruments:

	Ordinary shares	Redeemable preference shares	Redeemable 'B' preference shares	Total
	£000	£000	£000	£000
Balance as at 26 June 2005	750	75	2,291	3,116
Reclassification to debt (see note 15)	-	(75)	(2,291)	(2,366)
As restated at 26 June 2005	<u>750</u>	<u>-</u>	<u>-</u>	<u>750</u>
Balance as at 24 June 2006	<u>750</u>	<u>-</u>	<u>-</u>	<u>750</u>

### RIGHTS OF EACH SHARE

The preference shares and 'B' preference shares are due for redemption on 30 June 2007.

Dividends on preference and 'B' preference shares are payable as the company shall determine.

The holders of the preference and the 'B' preference shares shall be entitled to receive notice of all general meetings but shall not by reason of such holding be entitled to attend or vote thereat.

The 'A' Ordinary shares of £1 each have been reclassified as a result of the new Articles of Association adopted in 2002, to Ordinary shares of £1 each. The rights attaching to the preference and 'B' preference shares were amended at that time. However, the accounts disclosures and the finance charge on the non-equity shares were not updated. The error has come to light in the current year and has now been disclosed in accordance with the new Articles of Association. The effect of this error was twofold:

1. The 'A' Ordinary shares continued to be disclosed.
2. The finance charge attached to the preference shares amounting to £79,000 was incorrectly disclosed.

There was no effect on the share capital or reserves of the company as a result of these errors.

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

### 19. STATEMENT OF MOVEMENT ON RESERVES

	Share premium account £000	Other reserves (see below) £000	Profit and loss account £000
26 June 2005	6,923	520	10,849
Prior year adjustment	-	-	(2,131)
At 26 June 2005 (As Restated)	6,923	520	8,718
Retained loss for the year	-	-	(5,137)
Actuarial gains or losses on pension liability	-	-	763
Deferred taxation	-	-	(246)
24 June 2006	6,923	520	4,098
Profit and loss account excluding pension liability			6,401
Pension liability net of deferred tax			(1,561)
Profit and loss account including pension liability			4,098
Other reserves			
Capital redemption reserve			
Balance at 26 June 2005 & at 24 June 2006		520	

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £000	(Restated) 2005 £000
(Loss)/Profit for the financial year	(5,137)	4,470
Dividends paid	-	(474)
Actuarial gain or losses on pension liability	763	(1,240)
Deferred taxation	(246)	358
costs of non-equity shares		
Net (depletion in)/addition to shareholders' funds	(4,620)	3,114
Opening shareholders' funds	21,408	13,797
Reclassification of redeemable preference shares to debt	(2,366)	-
Prior year adjustment	(2,131)	-
Opening shareholders' funds (as restated)	16,911	13,797
Closing shareholders' funds	12,291	16,911



# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

21. CAPITAL COMMITMENTS	2006 £000	2005 £000
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Capital expenditure contracted for but not provided in the financial statements	<u>494</u>	<u>454</u>
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## 22. COMMITMENTS UNDER OPERATING LEASES

At 24 June 2006 the company had annual commitments under non-cancellable operating leases as follows:

	2006 £000	2005 £000
Plant and machinery expiring in the first year	147	238
expiring in the second to fifth year	877	651
expiring after five years	11	-
	<u>1,035</u>	<u>889</u>

## 23. CONTINGENT LIABILITIES

The company has provided a composite cross guarantee to its bankers in respect of bank borrowings with group companies. At the end of the year the total bank borrowings of the group companies amounted to £19,306,000 (2005 - £10,219,000).

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

### 24. PENSION COMMITMENTS

#### DEFINED BENEFIT

The company operates a funded defined benefit scheme, the Greenvale Produce Pension Plan. In addition, contributions are made to personal plans of certain employees, formerly employed by E.S. Black Limited. Contributions to these personal pension plans for the period amounted to £36,000 (2005: £36,000).

Contributions to the group's defined benefits scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent actuarial valuation for the Greenvale Produce Pension Plan was at 5 April 2005.

The company contributed at a rate of 14% of Pensionable Earnings from 1 January 2005, increasing to 15% of Pensionable Earnings from 1 January 2006. Following a review of the Plan's benefit and contribution structure, most members increased their contributions from 6.7% to 7.5% of Pensionable Earnings from 1 January 2005.

There was a prepayment of £44,000 on the balance sheet at the period end (2005: prepayment £44,000) representing a net overpayment of contributions over the period to 24 June 2006.

The pension charge for the defined benefit Plan for the period of £514,000 (2005: £481,000) represents the regular cost of the benefits in the Plan for the period ended 24 June 2006, less interest on the prepayment at the start of the period, plus the period's part of spreading the accounting deficit. The decrease in the pension mainly reflects the increase in members' contributions over the period.

At the balance sheet date the company had outstanding pension contributions amounting to £75,000 (2005 £78,000).

#### FRS 17 DISCLOSURES

The actuarial valuation of the scheme at 5 April 2005 was updated by a qualified actuary to 24 June 2006 on a set of assumptions consistent with those required under FRS 17. The major assumptions used by the actuary were:

	24 June 2006	25 June 2005	26 June 2004
	%	%	%
Rate of increase in salaries	3.00	2.70	3.10
Rate of increase in pensions in payment	2.90	2.70	2.75
Discount rate	5.34	5.00	5.70
Inflation assumption	3.00	2.70	2.90

The company's share of the net pension liability that is recognised in the Company's balance sheet as at 24 June 2006 is as follows:

	24 June 2006	24 June 2006	25 June 2005	25 June 2005	26 June 2004	26 June 2004
	%	£ 000	%	£ 000	%	£ 000
The long term expected rates of return are as follows:						
Equities	7.70	11,296	7.25	9,045	8.00	6,917
Bonds	5.10	2,650	4.75	2,200	5.50	1,970
Other assets	4.25	40	4.50	30	4.50	300
Total market value of assets	7.20	13,986	6.76	11,275	7.35	9,187

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

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Present value of liabilities	(16,215)	(14,320)	(11,040)
	<hr/>	<hr/>	<hr/>
(Deficit) in the scheme	(2,229)	(3,045)	(1,853)
Related deferred tax asset	668	914	556
	<hr/>	<hr/>	<hr/>
Net pension (liability)	(1,561)	(2,131)	(1,297)
	<hr/>	<hr/>	<hr/>

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

An analysis of the amounts charged to operating profit is as follows:

	24 June 2006 £ 000	25 June 2005 £ 000
Current service cost	438	424
Past service cost	76	24
Total operating charge	<u>514</u>	<u>448</u>

An analysis of the amounts credited to other financing income is as follows:

	24 June 2006 £ 000	25 June 2005 £ 000
Expected return on pension scheme assets	777	692
Interest on pension scheme liabilities	(731)	(641)
Net return	<u>46</u>	<u>51</u>

An analysis of the amounts recognised in the statement of total recognised gains and losses is as follows:

	24 June 2006 £ 000	25 June 2005 £ 000
Actual return less expected return on pension scheme assets	1,338	911
Experience gains and losses arising on pension scheme liabilities	-	(643)
Changes in assumptions underlying the present value of the scheme liabilities.	(575)	(1,508)
Actuarial gain/(loss) recognised in STRGL	<u>763</u>	<u>(1,240)</u>

An analysis of the movement in deficit during the period to 24 June 2006 is as follows:

	24 June 2006 £ 000	25 June 2005 £ 000
(Deficit) in scheme at beginning of year	(3,045)	(1,853)
Movement in year:		
Current service cost	(438)	(424)
Contributions	521	445
Past service costs	(76)	(24)
Other financing income	46	51
Actuarial gain / (loss)	763	(1,240)
Shortfall in scheme at end of the year	<u>(2,229)</u>	<u>(3,045)</u>

# Greenvale AP Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 24 June 2006

A history of experience gains and losses at 24 June 2006 is as follows:

	24 June 2006	25 June 2005	26 June 2004	28 June 2003
	£ 000	£ 000	£ 000	£ 000
Difference between the expected and actual return on scheme assets:				
Amount	1,338	911	312	(1,032)
Percentage of scheme assets	10.0%	8.0%	3.0%	(13.0%)
Experience gains and losses on scheme liabilities:				
Amount	-	(643)	-	(379)
Percentage of present value of scheme liabilities	-	(4.0%)	-	(3.9%)
Total amount recognised in statement of total recognised gains and losses:				
Amount	763	(1,240)	(194)	(1,650)
Percentage of present value of scheme liabilities	5.0%	(9.0%)	2.0%	(17.5%)

### 25. AMOUNTS WRITTEN OFF INVESTMENTS AND PROVISION AGAINST INTERCOMPANY LOAN

The directors and shareholders of the company have always taken a long term view of its investment in Greenvale Foods Limited, demonstrated recently by significant capital investment expenditure and ongoing financial support. The ongoing financial support was necessary for its subsidiary to achieve its long-term strategy of increasing food production capacity and securing a financial contribution to the group's activities.

For the financial year ended 24 June 2006, the financial statements of the subsidiary Greenvale Foods Limited show a negative net assets position of £2,084,000, after a loss of £6,291,000 for the year. In addition, forecasts anticipate further losses for the year ending 24 June 2007. As a result of the subsidiary's financial position, the directors consider it necessary to fully provide against its loan of £6,458,000 to Greenvale Foods Limited and to impair its investment in Greenvale Foods limited by £4,126,000.

### 26. CONTROL

The largest group in which the results of the company are consolidated is that headed by Credential Holdings Limited and the smallest group in which the results of the company are consolidated is that headed by Produce Investments Ltd, both companies are registered in England and Wales. The consolidated accounts of the smallest group are available to the public and may be obtained from Produce Investments Ltd, Harvest House, Bridge Street, Chatteris, PE16 6RD.

### 27. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties.