

CP Foods (UK) Limited

**Directors' report and consolidated
financial statements**

Registered number 4307559
Year ended 31 December 2010

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Directors' report

The directors present their annual report and consolidated financial statements for the year ended 31 December 2010

Principal activities

The principal activity of the company and its subsidiaries is that of food importers and distributors

Business review

The directors believe the results for the year show a satisfactory performance

Sales of prawns continued to show good growth with all other categories remaining steady

Despite sterling staying weak all year and pressure on raw material prices, gross margins were generally maintained but a large increase in the number of companies applying for EU quota on cooked chicken resulted in a significant rise in associated bank guarantee costs the full extent of which were not expected

For 2011 we expect margins to tighten as world food inflation continues to rise. Changes in the EU quota regulations will apply for imports of cooked chicken from 1 July 2011, the impact of these is at this time unknown

Dividends

Dividends paid during the year comprise a final dividend of £1,760,000 in respect of the year ended 31 December 2009 (2009 in respect of 2008 £1,590,000)

Directors

The directors who held office during the year were

P Anuchiracheeva
RJ Stokes
MJ Cheadle
De-Yi Shih
C Britton
RR Miller
JP Vincent
P Ohmpornuwat
P Chirakitcharern
Mr P Chalongchaichan
Mr S Lasomboon

Disclosure of information to auditors

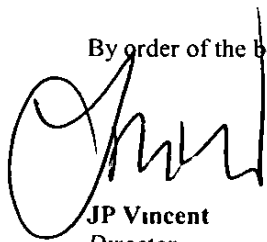
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office

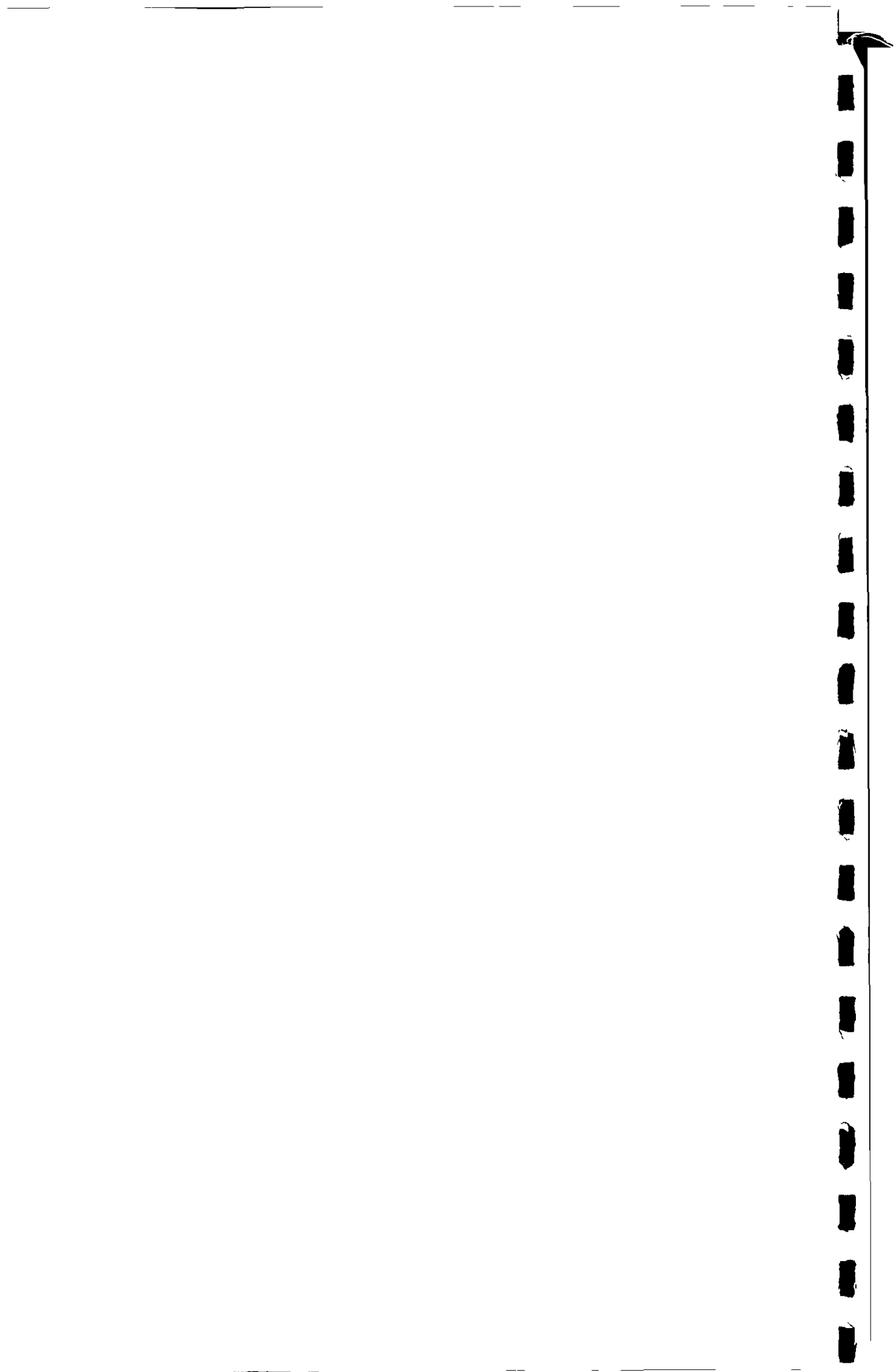
By order of the board

A handwritten signature in black ink, appearing to read 'JP Vincent', is written over the text 'By order of the board'.

JP Vincent
Director

Avon House
Hartlebury Trading Estate
Hartlebury
Near Kidderminster
Worcestershire
DY10 4JB

21st June 2011



Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of CP Foods (UK) Limited

We have audited the financial statements of CP Foods (UK) Limited for the year ended 31 December 2010 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 auditor

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, 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.

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Independent auditor's report to the members of CP Foods (UK) Limited

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 parent company 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



DK Turner
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

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Consolidated profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	2	135,368	123,586
Cost of sales		(120,251)	(107,689)
Gross profit		15,117	15,897
Administrative expenses		(10,273)	(9,869)
Operating profit		4,844	6,028
Interest payable and similar charges	6	(856)	(906)
Profit on ordinary activities before taxation	3	3,988	5,122
Tax on profit on ordinary activities	7	(1,154)	(1,601)
Profit on ordinary activities after taxation and for the financial year	16	2,834	3,521

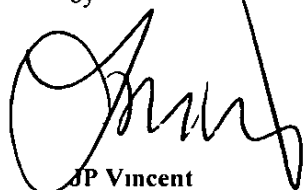
All of the above relates to continuing operations

There were no recognised gains and losses other than the profit for the current and preceding year

Consolidated balance sheet
at 31 December 2010

	<i>Note</i>	2010 £000	£000	2009 £000	£000
Fixed assets					
Tangible assets	9		1,540		1,814
Current assets					
Stocks	11	27,673		21,558	
Debtors	12	32,033		24,844	
Cash at bank and in hand		1,627		658	
		<u>61,333</u>		<u>47,060</u>	
Creditors: Amounts falling due within one year	13	<u>(53,472)</u>		<u>(40,485)</u>	
Net current assets			<u>7,861</u>		<u>6,575</u>
Total assets less current liabilities			<u>9,401</u>		<u>8,389</u>
Provisions for liabilities and charges	14		<u>(89)</u>		<u>(151)</u>
Net assets			<u>9,312</u>		<u>8,238</u>
Capital and reserves					
Called up share capital	15		300		300
Profit and loss account	16		9,012		7,938
Shareholder funds	17		<u>9,312</u>		<u>8,238</u>

These financial statements were approved by the board of directors on 21 June 2011 and were signed on its behalf by



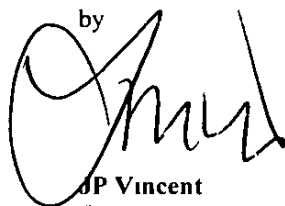
JP Vincent
Director

Company number 4307559

Company balance sheet
at 31 December 2010

	<i>Note</i>	2010 £000	2009 £000
Fixed assets			
Tangible assets	9	1,540	1,814
Investments	10	-	-
		1,540	1,814
Current assets			
Stocks	11	27,673	21,558
Debtors	12	32,033	24,844
Cash at bank and in hand		1,622	654
		61,328	47,056
Creditors: Amounts falling due within one year	13	(53,495)	(40,509)
Net current assets		7,833	6,547
Total assets less current liabilities		9,373	8,361
Provisions for liabilities and charges	14	(89)	(151)
Net assets		9,284	8,210
Capital and reserves			
Called up share capital	15	300	300
Profit and loss account	16	8,984	7,910
Shareholder funds	17	9,284	8,210

These financial statements were approved by the board of directors on 21 June 2011 and were signed on its behalf by



JP Vincent
Director

Company number 4307559

Consolidated cash flow statement
for the year ended 31 December 2010

	<i>Note</i>	2010 £000	2009 £000
Net cash inflow from operating activities	21	4,455	1,428
Returns on investments and servicing of finance	22	(890)	(909)
Taxation		(1,265)	(1,314)
Capital expenditure	22	(238)	(122)
Dividends paid on shares classified in shareholders' funds		(1,760)	(1,590)
Cash inflow/(outflow) before financing		302	(2,507)
Financing	22	7	1,978
Increase/(decrease) in cash in the year		309	(529)

Reconciliation of net cash flow to movement in net debt
for the year ended 31 December 2010

	<i>Note</i>	2010 £000	2009 £000
Increase/(decrease) in cash in the year		309	(529)
Cash outflow from change in debt and lease financing		(7)	(1,978)
Movement in net debt in the year		302	(2,507)
Net debt at the start of the year		(11,281)	(8,774)
Net debt at the end of the year	23	(10,979)	(11,281)



Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

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

Basis of consolidation

The consolidated financial statements include the financial statements of CP Foods (UK) Limited and its subsidiary undertakings made up to 31 December 2010. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under s408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost, less the estimated residual value of tangible fixed assets by equal instalments over their expected useful lives, as follows:

Short leasehold improvements	3 – 5 years
Fixtures, fittings and equipment	2 – 7 years
Motor vehicles	3 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or 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.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Stock

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Dividends on shares presented within equity

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 at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Turnover

Turnover represents the invoiced value, net of value added tax, of goods sold to customers.

Cash

Cash for the purpose of the cash flow statement comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 Analysis of turnover

By geographical market

	2010 £000	2009 £000
United Kingdom	123,892	111,835
Rest of Europe	11,476	11,751
	<u>135,368</u>	<u>123,586</u>

There is only one class of business being food importers and distributors.

3 Notes to the profit and loss account

	2010 £000	2009 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation of tangible fixed assets		
Owned assets	512	528
Hire of other assets – operating leases	619	558
Gain on disposal of fixed assets	-	(5)
	<u> </u>	<u> </u>
<i>Auditors remuneration</i>		
Audit of these financial statements	39	37
Amounts receivable by auditors and their associates in respect of		
Audit of the financial statements of subsidiaries	16	14
Other services – relating to taxation	5	4
Other services – quarterly group reporting	8	8
	<u> </u>	<u> </u>

Notes (continued)

4 Remuneration of directors

	2010 £000	2009 £000
Directors' emoluments	1,118	1,256
Company contributions to money purchase pension schemes	69	66
	<u>1,187</u>	<u>1,322</u>

The aggregate of emoluments of the highest paid director was £231,296 (2009 £267,705) and company pension contributions of £15,674 (2009 £15,699) were made to a money purchase pension scheme on his behalf

	Number of directors	
	2010	2009
Retirement benefits accruing to the following number of directors under		
Money purchase schemes	5	5

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows

	Number of employees	
	2010	2009
Administration and directors	180	143

The aggregate payroll costs of these persons were as follows

	2010 £000	2009 £000
Wages and salaries	5,633	5,444
Social security costs	472	425
Other pension costs	361	344
	<u>6,466</u>	<u>6,213</u>

6 Interest payable and similar charges

	2010 £000	2009 £000
Interest on bank loans	363	524
Interest payable to group undertakings	493	382
	<u>856</u>	<u>906</u>

Notes (continued)

7 Taxation

Group

Analysis of charge in year

	2010 £000	£000	2009 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	1,206		1,519	
Adjustment in respect of previous years	10		3	
	<hr/>		<hr/>	
Total current tax		1,216		1,522
<i>Deferred tax (see note 14)</i>				
(Origination)/reversal of timing differences	(62)		79	
	<hr/>		<hr/>	
Total deferred tax		(62)		79
		<hr/>		<hr/>
Tax on profit on ordinary activities		1,154		1,601
		<hr/>		<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2009 higher) than the standard rate of corporation tax in the UK 28% (2009 28%). The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	3,988	5,122
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	1,117	1,434
<i>Effects of</i>		
Expenses not deductible for tax purposes	38	41
Capital allowances for year less than/(in excess of) depreciation	42	(8)
Depreciation on ineligible	24	50
Other timing differences	(15)	2
Adjustment in respect of previous years	10	3
	<hr/>	<hr/>
Total current tax charge (see above)	1,216	1,522
	<hr/>	<hr/>

8 Dividends

The aggregate amount of dividends comprises

	2010 £000	2009 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	1,760	1,590
	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

Group and company

	Short leasehold improvements £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
At beginning of year	110	4,052	60	4,222
Additions	-	238	-	238
Disposals	-	-	(13)	(13)
At end of year	110	4,290	47	4,447
Depreciation				
At beginning of year	108	2,264	36	2,408
Charge for the year	2	497	13	512
Disposals	-	-	(13)	(13)
At end of year	110	2,761	36	2,907
Net book value				
At 31 December 2010	-	1,529	11	1,540
At 31 December 2009	2	1,788	24	1,814

10 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At beginning of year	38
Additions	12
At end of year	50
Provisions	
At beginning and end of year	-
Net book value	
At 31 December 2010	50
At 31 December 2009	38

Notes (continued)

10 Fixed asset investments (continued)

At the beginning and end of the year the company had the following subsidiary undertakings, all of which are wholly-owned and all of which have been included in the consolidated financial statements of the group

Subsidiary	Principal activity	Percentage of shares held	Class of share
Fusion Abbey Park Limited	Food importers and distributors	100%	Ordinary
Fusion Brothwood Limited	Food importers and distributors	100%	Ordinary
Fusion Calis Limited	Food importers and distributors	100%	Ordinary
Fusion Carnoustie Limited	Food importers and distributors	100%	Ordinary
Fusion Dalaman Limited	Food importers and distributors	100%	Ordinary
Fusion Dormington Limited	Food importers and distributors	100%	Ordinary
Fusion Driscoll Limited	Food importers and distributors	100%	Ordinary
Fusion Everton Limited	Food importers and distributors	100%	Ordinary
Fusion Fethiye Limited	Food importers and distributors	100%	Ordinary
Fusion Gatley Limited	Food importers and distributors	100%	Ordinary
Fusion Gocek Limited	Food importers and distributors	100%	Ordinary
Fusion Head Street Limited	Food importers and distributors	100%	Ordinary
Fusion Kaitaia Limited	Food importers and distributors	100%	Ordinary
Fusion Kroma Limited	Food importers and distributors	100%	Ordinary
Fusion Krone Limited	Food importers and distributors	100%	Ordinary
Fusion Littleworth Limited	Food importers and distributors	100%	Ordinary
Fusion Madeley Limited	Food importers and distributors	100%	Ordinary
Fusion Newlands Limited	Food importers and distributors	100%	Ordinary
Fusion Niamh Limited	Food importers and distributors	100%	Ordinary
Fusion Pershore Limited	Food importers and distributors	100%	Ordinary
Fusion Priest Lane Limited	Food importers and distributors	100%	Ordinary
Fusion Samui Limited	Food importers and distributors	100%	Ordinary
Fusion Turgay Limited	Food importers and distributors	100%	Ordinary
Fusion Uzumlu Limited	Food importers and distributors	100%	Ordinary
Fusion Wadborough Limited	Food importers and distributors	100%	Ordinary
Fusion Wellington Limited	Food importers and distributors	100%	Ordinary
Fusion Whistler Limited	Food importers and distributors	100%	Ordinary
Fusion Yamac Limited	Food importers and distributors	100%	Ordinary
Fusion Exning Limited	Food importers and distributors	100%	Ordinary
Fusion Haddenham Limited	Food importers and distributors	100%	Ordinary
Fusion Haverhill Limited	Food importers and distributors	100%	Ordinary
Fusion Hawstead Limited	Food importers and distributors	100%	Ordinary
Fusion Lidgate Limited	Food importers and distributors	100%	Ordinary
Fusion Saxham Limited	Food importers and distributors	100%	Ordinary
Fusion Soham Limited	Food importers and distributors	100%	Ordinary
Fusion Stowmarket Limited	Food importers and distributors	100%	Ordinary
Fusion Swaffham Limited	Food importers and distributors	100%	Ordinary
Fusion Thetford Limited	Food importers and distributors	100%	Ordinary

Notes (continued)

10 Fixed asset investments (continued)

The following subsidiary undertakings were set up during the year for their nominal value of £1 which the directors believe is their fair value, all of which are wholly owned and all of which have been included in the consolidated financial statements of the group

Subsidiary	Principal activity	Percentage of shares held	Class of share
Fusion Alfrick Limited	Food importers and distributors	100%	Ordinary
Fusion Bransford Limited	Food importers and distributors	100%	Ordinary
Fusion Broadway Limited	Food importers and distributors	100%	Ordinary
Fusion Charlton Limited	Food importers and distributors	100%	Ordinary
Fusion Crowle Limited	Food importers and distributors	100%	Ordinary
Fusion Defford Limited	Food importers and distributors	100%	Ordinary
Fusion Dumbleton Limited	Food importers and distributors	100%	Ordinary
Fusion Elmbridge Limited	Food importers and distributors	100%	Ordinary
Fusion Grimley Limited	Food importers and distributors	100%	Ordinary
Fusion Guarnford Limited	Food importers and distributors	100%	Ordinary
Fusion Hadzor Limited	Food importers and distributors	100%	Ordinary
Fusion Hallow Limited	Food importers and distributors	100%	Ordinary

11 Stocks

Group and company

	2010 £000	2009 £000
Raw materials and consumables	27,673	21,558

12 Debtors

Group and company

	2010 £000	2009 £000
Trade debtors	30,830	23,368
Amounts owed by group undertakings	85	85
Other debtors	699	950
Prepayments	419	441
	32,033	24,844

Trade debtors are subject to invoice discounting with full recourse to the company and therefore still shown on the company's balance sheet

Notes (continued)

13 Creditors: Amounts falling due within one year

Group

	2010 £000	2009 £000
Bank loans and overdrafts (secured)	12,606	11,939
Trade creditors	2,182	2,544
Amounts owed to group undertakings	33,564	21,279
Corporation tax	904	953
Other taxation and social security	146	153
Other creditors	2,564	2,692
Accruals and deferred income	1,506	925
	<u>53,472</u>	<u>40,485</u>

Company

	2010 £000	2009 £000
Bank loans and overdrafts (secured)	12,606	11,939
Trade creditors	2,182	2,544
Amounts owed to group undertakings	33,587	21,303
Corporation tax	904	953
Other taxation and social security	146	153
Other creditors	2,564	2,692
Accruals and deferred income	1,506	925
	<u>53,495</u>	<u>40,509</u>

Bank loans and overdrafts are secured by way of a debenture containing a fixed and floating charge over the company's assets

14 Provisions for liabilities and charges

Group and company

	Deferred taxation £000
Deferred tax liability at beginning of year	151
Credit to the profit and loss for the year (see note 7)	(62)
Deferred tax liability at end of year	<u>89</u>

The elements of deferred taxation are as follows

	2010 £000	2009 £000
Difference between accumulated depreciation and capital allowances	102	176
Other timing differences	(13)	(25)
	<u>89</u>	<u>151</u>

Notes (continued)

15 Called up share capital

Group and company

	2010 £000	2009 £000
<i>Allotted, called up and fully paid:</i>		
300,000 ordinary shares of £1 each	300	300
	<u>300</u>	<u>300</u>

16 Reserves

Group

	Profit and loss account £000
At beginning of year	7,938
Profit for the financial year	2,834
Dividends on shares classified as shareholders' funds	(1,760)
	<u>9,012</u>
At end of year	<u>9,012</u>

Company

	Profit and loss account £000
At beginning of year	7,910
Profit for the financial year	2,834
Dividends on shares classified as shareholders' funds	(1,760)
	<u>8,984</u>
At end of year	<u>8,984</u>

17 Reconciliation of movements in shareholders' funds

Group

	2010 £000	2009 £000
Profit for the financial year	2,834	3,521
Dividends on shares classified as shareholders' funds	(1,760)	(1,590)
	<u>1,074</u>	<u>1,931</u>
Net addition to shareholders' funds	1,074	1,931
Opening shareholders' funds	8,238	6,307
	<u>9,312</u>	<u>8,238</u>
Closing shareholders' funds	<u>9,312</u>	<u>8,238</u>

Notes (continued)

17 Reconciliation of movements in shareholders' funds (continued)

Company

	2010 £000	2009 £000
Profit for the financial year	2,834	3,521
Dividends on shares classified as shareholders' funds	(1,760)	(1,590)
Net addition to shareholders' funds	1,074	1,931
Opening shareholders' funds	8,210	6,279
Closing shareholders' funds	9,284	8,210

18 Contingent liabilities

The group has given guarantees in favour of the following as at the year end

HM Revenue & Customs £1,000,000 (2009 £1,000,000)

The Collector of Customs & Excise for £112,500 (2009 £98,000)

Rural Payments Agency €4,325,350 (2009 €12,713,000)

19 Commitments

Group and company

(a) At 31 December 2010, the company had capital commitments of £Nil (2009 £50,000)

(b) Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other	
	2010 £000	2009 £000	2010 £000	2009 £000
Operating leases which expire				
Within one year	-	40	73	32
In the second to fifth years inclusive	359	48	126	156
Over five years	-	247	-	1
	359	335	199	189

20 Pension scheme

Group and company

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £361,000 (2009 £344,000).

There were outstanding contributions of £29,000 (2009 £27,000) at the end of the financial year.

Notes (continued)

21 Reconciliation of operating profit to net cash inflow from operating activities

	2010 £000	2009 £000
Operating profit	4,844	6,028
Depreciation charges	512	528
Gain on disposal of fixed assets	-	(5)
(Increase)/decrease in stocks	(6,115)	6,234
Increase in debtors	(7,189)	(4,316)
Increase/(decrease) in creditors	12,403	(7,041)
Net cash inflow from operating activities	4,455	1,428

22 Analysis of cash flows

	2010 £000	2009 £000
Returns on investments and servicing of finance		
Interest paid	(890)	(909)
Capital expenditure		
Purchase of tangible fixed assets	(238)	(127)
Sale of fixed assets	-	5
	(238)	(122)
Financing		
Movement in short term loans	7	1,978

23 Analysis of net debt

	1 January 2010 £000	Cash flow £000	31 December 2010 £000
Cash at bank and in hand	658	969	1,627
Bank overdraft	(5,950)	(660)	(6,610)
Debts falling due within one year	(5,989)	(7)	(5,996)
Net debt	(11,281)	302	(10,979)

Notes (continued)

24 Related party transactions

Group and company

During the year, the company has purchased goods from CPF Europe SA the immediate parent company amounting to £78,884,000 (2009 £68,154,000), and fellow subsidiary undertakings CP Merchandising Company Limited amounting to £498,000 (2009 £1,494,000), CPF Denmark Limited amounting to £Nil (2009 £84,000) and CP Klang Limited amounting to £17,049,000 (2009 £8,630,000)

At the year end, the company owed CPF Europe SA £26,043,000 (2009 £20,521,000), CP Merchandising Company Limited £20,000 (2009 £4,755) and CP Klang Limited £7,501,000 (2009 £753,000) which is included within creditors

At the year end, CP Foods UK Limited was owed £84,709 (2009 £84,709) by CPF Europe SA the intermediate parent company

During the year, interest of £493,000 (2009 £383,000) has been charged by CPF Europe SA relating to the amounts due At the year end, £54,000 remains outstanding and is included within other creditors (2009 £106,000)

25 Ultimate parent company and parent undertaking of large group of which the company is a member

Group and company

The company is a subsidiary undertaking of CPF Europe SA incorporated in Belgium

The largest group in which the results of the company are consolidated is headed by Charoen Pokphand Foods Public Company Limited, incorporated in Thailand The consolidated financial statements of this company are available to the public and may be obtained from 313, CP Tower, Silom Road, Bangrak, Bangkok 10500, Thailand

26 Ultimate controlling party

Group and company

The ultimate controlling party of the company is Charoen Pokphand Foods Public Company Limited, a company incorporated in Thailand, by virtue of its majority shareholding