

CP Foods (UK) Limited

**Directors' report and consolidated
financial statements**

Registered number 4307559

Year ended 31 December 2011

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Directors' report

The directors present their annual report and consolidated financial statements for the year ended 31 December 2011

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

Continued pressure on raw material prices and sterling remaining relatively weak resulted in a tightening of margins during the year. The severe flooding experienced by Thailand at the end of the year did cause some interruption of supply and consequent loss of revenue particularly over the Christmas period. All supplies are now back to normal.

The new EU quota regulations for cooked chicken introduced on 1 July 2011 reduced the associated bank guarantee costs but did not resolve the issue of availability and speculative purchasing of quota.

Dividends

Dividends paid during the year comprise a final dividend of £1,416,990 in respect of the year ended 31 December 2010 (2010 in respect of 2009 £1,760,000)

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 Ohmpornnuwat
P Chirakitchareern
Mr P Chalongchaichan
Mr S Lasomboon

Political and charitable contributions

During the year, the Company made charitable donations of £30,359 (2010 £16,436). The Company made no political donations in either the current or preceding year.

Disclosure of information to the auditor

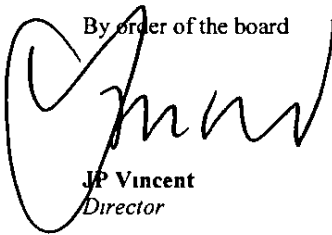
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make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

Directors' report *(continued)*

Auditor

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

By order of the board

A large, stylized handwritten signature in black ink, appearing to read 'JP Vincent'.

JP Vincent
Director

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

12th March 2012

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 will 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 2011 set out on pages 6 to 22. 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 2011 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.

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

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

12th March 2012

Consolidated profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	2	135,198	135,368
Cost of sales		(120,517)	(120,251)
Gross profit		14,681	15,117
Administrative expenses		(10,775)	(10,273)
Operating profit		3,906	4,844
Interest payable and similar charges	6	(875)	(856)
Profit on ordinary activities before taxation	3	3,031	3,988
Tax on profit on ordinary activities	7	(819)	(1,154)
Profit on ordinary activities after taxation and for the financial year	16	2,212	2,834

All of the above relates to continuing operations

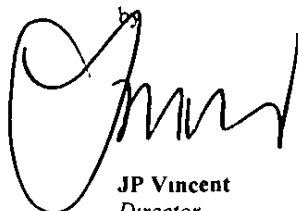
There were no recognised gains and losses for the current and preceding year other than the profit as presented above

The notes on pages 10 to 22 form part of these financial statements

Consolidated balance sheet
at 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Fixed assets			
Tangible assets	9	1,601	1,540
Current assets			
Stocks	11	27,864	27,673
Debtors	12	28,907	32,033
Cash at bank and in hand		1,429	1,627
		<u>58,200</u>	<u>61,333</u>
Creditors Amounts falling due within one year	13	<u>(49,608)</u>	<u>(53,472)</u>
Net current assets		<u>8,592</u>	<u>7,861</u>
Total assets less current liabilities		<u>10,193</u>	<u>9,401</u>
Provisions for liabilities and charges	14	<u>(86)</u>	<u>(89)</u>
Net assets		<u>10,107</u>	<u>9,312</u>
Capital and reserves			
Called up share capital	15	300	300
Profit and loss account	16	9,807	9,012
Shareholders' funds	17	<u>10,107</u>	<u>9,312</u>

These financial statements were approved by the board of directors on 12 March 2012 and were signed on its behalf



JP Vincent
Director

Company number 4307559

Company balance sheet
at 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Fixed assets			
Tangible assets	9	1,601	1,540
Investments	10	-	-
		<u>1,601</u>	<u>1,540</u>
Current assets			
Stocks	11	27,864	27,673
Debtors	12	28,907	32,033
Cash at bank and in hand		1,423	1,622
		<u>58,194</u>	<u>61,328</u>
Creditors Amounts falling due within one year	13	<u>(49,630)</u>	<u>(53,495)</u>
Net current assets		<u>8,564</u>	<u>7,833</u>
Total assets less current liabilities		<u>10,165</u>	<u>9,373</u>
Provisions for liabilities and charges	14	<u>(86)</u>	<u>(89)</u>
Net assets		<u>10,079</u>	<u>9,284</u>
Capital and reserves			
Called up share capital	15	300	300
Profit and loss account	16	9,779	8,984
Shareholders' funds	17	<u>10,079</u>	<u>9,284</u>

These financial statements were approved by the board of directors on 12 March 2012 and were signed on its behalf by



JP Vincent
Director

Company number 4307559

Consolidated cash flow statement
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Net cash (outflow)/inflow from operating activities	21	(606)	4,455
Returns on investments and servicing of finance	22	(1,530)	(890)
Taxation		(1,061)	(1,265)
Capital expenditure	22	(564)	(238)
Dividends paid on shares classified in shareholders' funds		(1,417)	(1,760)
Cash (outflow)/inflow before financing		(5,178)	302
Financing	22	3,721	7
(Decrease)/increase in cash in the year		(1,457)	309

Reconciliation of net cash flow to movement in net debt
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
(Decrease)/increase in cash in the year		(1,457)	309
Cash outflow from change in debt and lease financing		(3,721)	(7)
Movement in net debt in the year		(5,178)	302
Net debt at the start of the year		(10,979)	(11,281)
Net debt at the end of the year	23	(16,157)	(10,979)

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 2011. 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.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the directors' report on page 1.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

The directors, having assessed the responses of the directors of the company's parent Charoen Pokphand Foods Public Company Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the CP Foods (UK) Limited Group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Charoen Pokphand Foods Public Company Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 – 10 years
Motor vehicles	3 years

Investments

Fixed asset investments are shown at cost less provisions for impairment.

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.

Notes (continued)

1 Accounting policies (continued)

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.

Stocks

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.

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

	2011 £000	2010 £000
United Kingdom	120,603	123,892
Rest of Europe	14,595	11,476
	<hr/> 135,198 <hr/>	<hr/> 135,368 <hr/>

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

Notes (continued)

3 Notes to the profit and loss account

	2011 £000	2010 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible fixed assets		
Owned assets	506	512
Hire of other assets – operating leases	664	619
Gain on disposal of fixed assets	(3)	-
	<hr/>	<hr/>
<i>Auditor's remuneration</i>		
Audit of these financial statements	38	39
Amounts receivable by the auditor and their associates in respect of		
Audit of the financial statements of subsidiaries	15	16
Other services – relating to taxation	5	5
Other services – quarterly group reporting	10	8
	<hr/>	<hr/>

4 Remuneration of directors

	2011 £000	2010 £000
Directors' emoluments	1,131	1,118
Company contributions to money purchase pension schemes	70	69
	<hr/>	<hr/>
	1,201	1,187
	<hr/>	<hr/>

The aggregate of emoluments of the highest paid director was £215,876 (2010 £231,296) and company pension contributions of £15,674 (2010 £15,674) were made to a money purchase pension scheme on his behalf

	Number of directors 2011	2010
Retirement benefits accruing to the following number of directors under		
Money purchase schemes	6	6
	<hr/>	<hr/>

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 2011	2010
Administration and directors	175	180
	<hr/>	<hr/>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	2011 £000	2010 £000
Wages and salaries	5,425	5,633
Social security costs	501	472
Other pension costs	375	361
	<u>6,301</u>	<u>6,466</u>

6 Interest payable and similar charges

	2011 £000	2010 £000
Interest on bank loans	397	363
Interest payable to group undertakings	478	493
	<u>875</u>	<u>856</u>

7 Taxation

Group

Analysis of charge in year

	2011 £000	£000	2010 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	852		1,206	
Adjustments in respect of previous years	(30)		10	
	<u>822</u>		<u>1,216</u>	
Total current tax charge		822		1,216
<i>Deferred tax (see note 14)</i>				
(Origination)/reversal of timing differences	(20)		(53)	
Effect of changes in tax rates	(7)		(3)	
Adjustments in respect of previous years	24		(6)	
	<u>(3)</u>		<u>(62)</u>	
Total deferred tax credit		(3)		(62)
Tax on profit on ordinary activities		<u>819</u>		<u>1,154</u>

Notes (continued)

7 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK 26.5% (2010 28%). The differences are explained below

	2011 £000	2010 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	3,031	3,988
	<hr/>	<hr/>
Current tax at 26.5% (2010 28%)	803	1,117
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	28	38
Capital allowances for year less than depreciation	25	42
Depreciation on ineligible	-	24
Other timing differences	(4)	(15)
Adjustments in respect of previous years	(30)	10
	<hr/>	<hr/>
Total current tax charge (see above)	822	1,216
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2011 has been calculated based on the rate of 25% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

8 Dividends

The aggregate amount of dividends comprises

	2011 £000	2010 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	1,417	1,760
	<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	4,290	47	4,447
Additions	6	543	18	567
Disposals	-	-	(23)	(23)
At end of year	116	4,833	42	4,991
Depreciation				
At beginning of year	110	2,761	36	2,907
Charge for the year	1	497	8	506
Disposals	-	-	(23)	(23)
At end of year	111	3,258	21	3,390
Net book value				
At 31 December 2011	5	1,575	21	1,601
At 31 December 2010	-	1,529	11	1,540

10 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At beginning of year	50
Additions	20
Disposals	(10)
At end of year	60
Provisions	
At beginning and end of year	-
Net book value	
At 31 December 2011	60
At 31 December 2010	50

Notes (continued)

10 Fixed asset investments (continued)

At the 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 Goeck Limited	Food importers and distributors	100%	Ordinary
Fusion Head Street Limited	Food importers and distributors	100%	Ordinary
Fusion Kaitiaki 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 Hawstead Limited	Food importers and distributors	100%	Ordinary
Fusion Soham Limited	Food importers and distributors	100%	Ordinary
Fusion Thetford Limited	Food importers and distributors	100%	Ordinary
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 Bracewell Limited*	Food importers and distributors	100%	Ordinary
Fusion Eastoe Limited*	Food importers and distributors	100%	Ordinary
Fusion Gray Limited*	Food importers and distributors	100%	Ordinary
Fusion Harper Limited*	Food importers and distributors	100%	Ordinary
Fusion Hartford Limited*	Food importers and distributors	100%	Ordinary
Fusion Heath Limited*	Food importers and distributors	100%	Ordinary
Fusion Irvine Limited*	Food importers and distributors	100%	Ordinary
Fusion Lineker Limited*	Food importers and distributors	100%	Ordinary
Fusion McMahon Limited*	Food importers and distributors	100%	Ordinary
Fusion Mountfield Limited*	Food importers and distributors	100%	Ordinary
Fusion Moyes Limited*	Food importers and distributors	100%	Ordinary
Fusion Ratcliffe Limited*	Food importers and distributors	100%	Ordinary
Fusion Reid Limited*	Food importers and distributors	100%	Ordinary
Fusion Richardson Limited*	Food importers and distributors	100%	Ordinary

Notes (continued)

10 Fixed asset investments (continued)

Subsidiary	Principal activity	Percentage of shares held	Class of share
Fusion Sharp Limited*	Food importers and distributors	100%	Ordinary
Fusion Sheedy Limited*	Food importers and distributors	100%	Ordinary
Fusion Southall Limited*	Food importers and distributors	100%	Ordinary
Fusion Stevens Limited*	Food importers and distributors	100%	Ordinary
Fusion Van Den Hauwe Limited*	Food importers and distributors	100%	Ordinary
Fusion Wright Limited*	Food importers and distributors	100%	Ordinary

* subsidiaries acquired during the year

Disposals

On 28 April 2011, CP Foods (UK) Limited sold the following investments for £1 each

- Fusion Haverhill Limited and Fusion Haddenham Limited to Fusion Exning Limited,
- Fusion Saxham Limited and Fusion Swaffham Limited to Fusion Hawstead Limited, and
- Fusion Lidgate Limited and Fusion Stowmarket Limited to Fusion Soham Limited

On the same date, the trade and assets of the companies sold were transferred to the acquiring companies

On 21 September 2011 Fusion Grimley Limited, Fusion Guarlford Limited, Fusion Hadzor Limited and Fusion Hallow Limited were sold by CP Foods (UK) Limited to Fusion Elmbridge Limited for £1 each. On the same date, the trade and assets of each were transferred to the acquiring company

11 Stocks

Group and company

	2011 £000	2010 £000
Raw materials and consumables	27,864	27,673

12 Debtors

Group and company

	2011 £000	2010 £000
Trade debtors	27,302	30,830
Amounts owed by group undertakings	-	85
Other debtors	1,138	699
Prepayments	467	419
	28,907	32,033

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

Notes (continued)

13 Creditors: Amounts falling due within one year

Group

	2011 £000	2010 £000
Bank loans and overdrafts (secured)	17,586	12,606
Trade creditors	2,912	2,182
Amounts owed to group undertakings	24,938	33,564
Corporation tax	666	904
Other taxation and social security	151	146
Other creditors	925	2,564
Accruals and deferred income	2,430	1,506
	<u>49,608</u>	<u>53,472</u>

Company

	2011 £000	2010 £000
Bank loans and overdrafts (secured)	17,586	12,606
Trade creditors	2,912	2,182
Amounts owed to group undertakings	24,960	33,587
Corporation tax	666	904
Other taxation and social security	151	146
Other creditors	925	2,564
Accruals and deferred income	2,430	1,506
	<u>49,630</u>	<u>53,495</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	89
Credit to the profit and loss for the year (see note 7)	(3)
	<u>86</u>
Deferred tax liability at end of year	86

The elements of deferred taxation are as follows

	2011 £000	2010 £000
Difference between accumulated depreciation and capital allowances	93	102
Other timing differences	(7)	(13)
	<u>86</u>	<u>89</u>

Notes (continued)

15 Called up share capital

Group and company

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i>		
300,000 ordinary shares of £1 each	300	300

16 Reserves

Group

	Profit and loss account £000
At beginning of year	9,012
Profit for the financial year	2,212
Dividends on shares classified as shareholders' funds	(1,417)
At end of year	9,807

Company

	Profit and loss account £000
At beginning of year	8,984
Profit for the financial year	2,212
Dividends on shares classified as shareholders' funds	(1,417)
At end of year	9,779

17 Reconciliation of movements in shareholders' funds

Group

	2011 £000	2010 £000
Profit for the financial year	2,212	2,834
Dividends on shares classified as shareholders' funds	(1,417)	(1,760)
Net addition to shareholders' funds	795	1,074
Opening shareholders' funds	9,312	8,238
Closing shareholders' funds	10,107	9,312

Notes (continued)

17 Reconciliation of movements in shareholders' funds (continued)

Company

	2011 £000	2010 £000
Profit for the financial year	2,212	2,834
Dividends on shares classified as shareholders' funds	(1,417)	(1,760)
	<hr/>	<hr/>
Net addition to shareholders' funds	795	1,074
Opening shareholders' funds	9,284	8,210
	<hr/>	<hr/>
Closing shareholders' funds	10,079	9,284
	<hr/>	<hr/>

18 Contingent liabilities

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

HM Revenue & Customs £2,000,000 (2010 £1,000,000)

The Collector of Customs & Excise for £Nil (2010 £112,500)

Rural Payments Agency €Nil (2010 €4,325,350)

19 Commitments

Group and company

- (a) At 31 December 2011, the company had no capital commitments (2010 £Nil)
- (b) Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other	
	2011 £000	2010 £000	2011 £000	2010 £000
Operating leases which expire				
Within one year	91	-	96	73
In the second to fifth years inclusive	268	359	113	126
	<hr/>	<hr/>	<hr/>	<hr/>
	359	359	209	199
	<hr/>	<hr/>	<hr/>	<hr/>

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 £375,000 (2010 £361,000)

There were outstanding contributions of £29,000 (2010 £29,000) at the end of the financial year

Notes (continued)

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

	2011 £000	2010 £000
Operating profit	3,906	4,844
Depreciation charges	506	512
Gain on disposal of fixed assets	(3)	-
Increase in stocks	(191)	(6,115)
Decrease/(increase) in debtors	3,126	(7,189)
(Decrease)/increase in creditors	(7,950)	12,403
Net cash (outflow)/inflow from operating activities	(606)	4,455

22 Analysis of cash flows

	2011 £000	2010 £000
Returns on investments and servicing of finance		
Interest paid	(1,530)	(890)
Capital expenditure		
Purchase of tangible fixed assets	(567)	(238)
Sale of fixed assets	3	-
	(564)	(238)
Financing		
Movement in short term loans	3,721	7

23 Analysis of net debt

	1 January 2011 £000	Cash flow £000	31 December 2011 £000
Cash at bank and in hand	1,627	(198)	1,429
Bank overdraft	(6,610)	(1,259)	(7,869)
Debts falling due within one year	(5,996)	(3,721)	(9,717)
Net debt	(10,979)	(5,178)	(16,157)

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 £52,164,000 (2010 £78,884,000), and fellow subsidiary undertakings CP Merchandising Company Limited amounting to £12,612,000 (2010 £498,000), CPF Denmark Limited amounting to £Nil (2010 £Nil) and CP Klang Limited amounting to £22,361,000 (2010 £17,049,000)

Notes (continued)

24 Related party transactions (continued)

At the year end, the company owed CPF Europe SA £5,848,000 (2010 £26,043,000), CP Merchandising Company Limited £10,703,000 (2010 £20,000) and CP Klang Limited £8,387,000 (2010 £7,501,000) which is included within creditors

At the year end, CP Foods UK Limited was owed £1,411 (2010 £84,709) by CPF Europe SA the intermediate parent company

During the year, interest of £478,000 (2010 £493,000) has been charged by CPF Europe SA relating to the amounts due At the year end, £20,000 remains outstanding and is included within other creditors (2010 £54,000)

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