

Premier Foods Investments No. 1 Limited
(Registered Number 5014179)

Annual Report and Accounts
For The Year Ended 31 December 2007

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Premier Foods Investments No. 1 Limited

Company information

Directors

R Schofield
P Thomas

Secretary

S Wilbraham

Registered office

Premier House
Centrium Business Park
Griffith Way
St Albans
Hertfordshire
AL1 2RE

Registered number

5014179

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Premier Foods Investments No. 1 Limited

Directors' report

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2007

Principal activities and business review

The principal activity of Premier Foods Investments No 1 Limited is that of an investment holding company

Results and dividends

The profit and loss account is set out of page 6 The results for the company show a pre-tax loss of £0.4 million (2006: £nil million)

A dividend of £200.0m was paid for the year (2006: £nil)

As at 31 December 2007, the company had net assets of £162.2 million (2006: £362.5 million)

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Premier Foods plc, which include those of the company, are discussed in note 21 of the group's 2007 annual report which does not form part of this report.

Key performance indicators

The directors of Premier Foods plc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Premier Foods Investments No 1 Limited. The development, performance and position of Premier Foods plc, which includes the company, is discussed in the group's 2007 annual report which does not form part of this report.

Directors

The directors who held office during the year are listed below

Name of Director

Robert Schofield

Paul Thomas

Premier Foods Investments No. 1 Limited

Directors' report (continued)

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and consistently applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2007 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each person who is a director at the date of approval confirms that

- a) so far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- b) the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

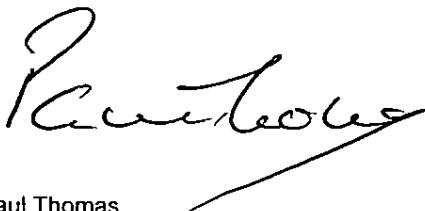
Auditors

A written elective resolution of the company has been passed exempting the company from the obligation to appoint auditors annually in accordance with the terms of Section 386(1) of the Companies Act 1985 (as amended).

Directors' liability

The company has arranged liability insurance covering the directors and officers of the company.

By order of the Board



Paul Thomas
Director

21 May 2008

Premier Foods Investments No. 1 Limited

Auditors' report

Independent Auditors' Report to the Members of Premier Foods Investments No 1 Limited

We have audited the financial statements of Premier Foods Investments No 1 Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

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Premier Foods Investments No. 1 Limited

Auditors' report 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 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

21 May 2008

Premier Foods Investments No. 1 Limited

Profit and loss account for the year ended 31 December 2007

	<i>Note</i>	2007 £m	2006 £m
Operating profit	2	-	-
Interest payable and similar charges	4	(0.4)	-
Loss on ordinary activities before taxation		(0.4)	-
Tax charge on profit on ordinary activities	3	0.1	-
Loss for the financial year		(0.3)	-
Dividend payable	12	(200.0)	-
Retained loss for the year	11	(200.3)	-

All operations are continuing

There were no recognised gains and losses, other than for the dividend payable, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

The notes on pages 8 to 13 form part of these financial statements

Premier Foods Investments No. 1 Limited

Balance Sheet as at 31 December 2007

	Note	2007 £m	2006 £m
Fixed assets			
Investments	5	362.5	362.5
Current Assets			
Debtors - amounts falling due within one year	6	200.0	-
Current liabilities			
Creditors - amounts falling due in less than one year	7	(200.3)	-
Net current liabilities		(0.3)	-
Creditors - amounts due in more than one year	8	(200.0)	-
Net assets		162.2	362.5
Capital and reserves			
Called up share capital	8	1.0	1.0
Share premium account	9	151.0	151.0
Profit and loss reserve	9	6.8	7.1
Other reserves	9	3.4	203.4
Equity shareholders' funds	10	162.2	362.5

The financial statements on pages 6 to 13 were approved by the Board of Directors on 21 May 2008 and were signed on its behalf by



Paul Thomas
Director

The notes on pages 8 to 13 form part of these financial statements

Premier Foods Investments No. 1 Limited

1 Accounting policies

Basis of accounting

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

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

The principal accounting policies of the company are set out below

Foreign currencies

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

Taxation

The charge or credit for taxation is based on the profit or loss for the year and takes into account deferred taxation.

Deferred taxation is provided on 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 temporary differences between profits as computed for tax purposes and profits as stated in the financial statements, which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes. Deferred tax is measured at the rates that are expected to apply in the years in which the 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 not discounted.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the timing difference can be utilised. Their carrying value is reviewed at each balance sheet date on the same basis.

Fixed asset investments

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

Cash flow statement and related party disclosures

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

Premier Foods Investments No. 1 Limited

2 Operating profit

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

The company did not have any employees during the year. All directors were paid by other group undertakings for their services as a whole and no specific allocation of their remuneration has been made in respect of this company. Retirement benefits are accruing to all directors of the company under a defined benefit scheme operated by another group undertaking. The highest paid director of Premier Foods plc is also a director of the company, whose emoluments are set out in the annual report of that company.

3 Tax on loss on ordinary activities

Corporation tax credit based on the profit for the year of the company at 30% (2006 30%)

	2007 £m	2006 £m
Corporation tax		
- Current year	0.1	-
Tax credit on loss on ordinary activities	0.1	-

The tax assessed for the year does not vary from the standard rate of corporation tax in the UK (30%)

There are no factors affecting the future charge to taxation

4 Interest payable and similar charges

	2007 £m	2006 £m
Intergroup interest payable (see note 6)	(0.4)	-

Premier Foods Investments No. 1 Limited

5 Fixed asset investments

	2007 £m	2006 £m
Unlisted shares in subsidiary undertakings - at cost		
At 31 December 2007 and 2006	362.5	362.5

The following represents the principal undertakings of Premier Foods Investments No. 1 Limited at the year end. In each case Premier Foods Investments No. 1 Limited owns indirectly 100% of the entire share capital of the subsidiary except for Premier Foods Investments Limited which is a wholly owned subsidiary undertaking. All subsidiary undertakings have the same year end as Premier Foods Investments No. 1 Limited. The companies listed below are those that principally affect the results and assets of the company. The directors consider that to give full particulars of subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings is available from the Company Secretary.

Subsidiary undertakings	Country of incorporation or registration and principal operations	Business
Grocery products		
Cauldron Foods Limited	England & Wales	Manufacturing and distribution of vegetable based products
Chivers Hartley Limited	England & Wales	Spreads and pickle manufacturing
HL Foods Limited	England & Wales	Food canning and processing
Marlow Foods Holdings Limited	England & Wales	Meat free products manufacturing
Premier Ambient Products (UK) Limited	England & Wales	Pickles, vinegar, spreads, desserts and jelly manufacturing
Premier International Foods UK Limited	England & Wales	Hot and cold beverages manufacturing
Premier Grocery Products Limited	England & Wales	Manufacture and distribution of soups, meat and other food products
Premier Grocery Products Ireland Limited	England & Wales	Manufacture and distribution of soups, meat and other food products
Other		
Premier Brands Foods Limited	England & Wales	Investment holding
Premier Financing Limited	England & Wales	Financing and investment holding
Premier Foods (Holdings) Limited	England & Wales	Financing and investment holding
Premier Foods Investments Limited	England & Wales	Financing and investment holding

On 30 March 2007, the company sold its indirect subsidiary undertaking MBM Produce Limited and its subsidiaries, for a total net consideration of £12.8m.

On 28 May 2007, the company sold its indirect subsidiary undertaking, Erin Foods Limited, for a cash consideration of £7.4m.

Premier Foods Investments No. 1 Limited

6 Debtors – amounts falling due within one year

	2007 £m	2006 £m
Amounts due from group undertakings	200 0	-
Total debtors – amounts falling due within one year	200 0	-

7 Creditors – amounts falling due within one year

	2007 £m	2006 £m
Amounts due to a group undertakings	(200 3)	-
Total creditors – amounts falling due within one year	(200 3)	-

8 Creditors – amounts falling after more than one year

	2007 £m	2006 £m
Amounts due to a group undertakings	(200 0)	-
Total creditors – amounts falling due within one year	(200 0)	-

Amounts due to group companies include loans of £200m which carry interest at Libor plus 1 1% and are repayable on 31 December 2012

9 Called up share capital

	2007 £m	2006 £m
Authorised		
1,000,200 (2006 1,000,200) ordinary shares of £1 each	1 0	1 0
Allotted, issued and fully paid		
1,000,200 (2006 1,000,200) ordinary shares of £1 each	1 0	1 0

Premier Foods Investments No. 1 Limited

10 Reserves

	Share premium account	Profit and loss reserve	Other reserves	Total
	£m	£m	£m	£m
At 1 January 2007	151.0	7.1	203.4	361.5
Loss for the year	-	(0.3)	-	(0.3)
Dividend payable	-	-	(200.0)	(200.0)
At 31 December 2007	151.0	6.8	3.4	161.2

11 Reconciliation of movements in shareholders' funds

	2007 £m	2006 £m
At 1 January	362.5	362.5
Loss for the year	(0.3)	-
Dividend payable	(200.0)	-
At 31 December	162.2	362.5

12 Dividend payable

	2007 £m	2006 £m
Dividend payable at £199.96 per share	200.0	-

13 Contingent liabilities and guarantees

The company has undertaken to provide continuing financial support to finance the future operations of its subsidiary undertakings

On 16 March 2007, the Premier Foods Group entered into a £2.1bn term and revolving credit facility. The facility was amended on 29 February 2008 to provide greater covenant headroom for the remainder of its financing period. The final maturity date of the above arrangements is 14 March 2012. This facility is guaranteed by the principal operating entities of the group and Premier Foods Investments No. 1 Limited.

Premier Foods Investments No. 1 Limited

14 Parent undertakings

The company's immediate parent undertaking is Premier Foods Investments No 2 Limited, a company incorporated in England and Wales

The company's ultimate parent undertaking is Premier Foods plc, a company incorporated in England and Wales which is the parent undertaking of the smallest and largest group to consolidate financial statements

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

15 Subsequent events

There have been no subsequent events