

**Sara Lee Bakery UK Limited**

**Directors' report and financial statements  
for the year ended 30 June 2007**

Registered number 05320560

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# **Sara Lee Bakery UK Limited**

## **Directors' report and financial statements for the year ended 30 June 2007**

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# **Sara Lee Bakery UK Limited**

## **Directors' report for the year ended 30 June 2007**

The directors present their Annual Report and the audited financial statements for the year ended 30 June 2007

### **Principal activities and business review**

The principal activity of Sara Lee Bakery UK Limited ("the Company") was to market and sell frozen cakes in the UK bakery market, for which the Company received royalties. From 1 July 2006 the Company ceased to receive the royalties as a new licence agreement was agreed between the manufacturer of the cakes and Bimbo SA, a fellow subsidiary of the Sara Lee Corporation.

The directors do not anticipate any future trading activity for the company.

### **Financial risk management**

The Company's operations expose it mainly to financial risk, in the form of Interest Rate risk and credit risk. Interest rate risk is mitigated as the interest rates are linked to LIBOR, and credit risk is minimised as all loans are inter-company loans.

Given the nature of the business the Company's directors are of the opinion that an analysis using KPI's is not necessary for an understanding of the development, performance and position of the company.

### **Results and dividends**

The results for the year are set out in the profit and loss account on page 4.

The directors do not propose a dividend (2006 £nil).

### **Directors and their interests**

The directors who served during the year and subsequently are as shown below:

R J Sharples

J Stam

A Jagun (resigned 12 January 2007)

H Handley (resigned 8 March 2007)

On 12 January 2007, following the resignation of A Jagun, Throgmorton Secretaries Limited were appointed as company secretary. They changed their name to Throgmorton UK Limited on 5 July 2007, and subsequently resigned 16 July 2007. Throgmorton Secretaries LLP were appointed on 16 July 2007.

### **Going Concern**

The company has net current liabilities of £129,000. The company has received confirmation from its UK parent undertaking, Sara Lee Investments, that it will provide financial support necessary to meet its obligations for a period of 18 months from the date of signing of these financial statements, and the directors consider that it is appropriate that the going concern principle is applied in the preparation of the financial statements.

# **Sara Lee Bakery UK Limited**

## **Directors' report for the year ended 30 June 2007 (continued)**

### **Directors' responsibilities**

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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

- select suitable accounting policies and then apply them consistently,
- make judgements 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 and as far as applicable Companies Act 2006. 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.

### **Auditors and Disclosure of Information to auditors**

So far as each director is aware, there is no relevant audit information of which the Company's auditors are not aware. Each director has taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed as auditors in accordance with the provisions of the Companies Act 1985 and accordingly are deemed to be reappointed in accordance with an elective resolution made under s386 of the Companies Act 1985.

By order of the Board

I Stamp  
Director

25 April 2008

## **Independent auditors' report to the members of Sara Lee Bakery UK Limited**

We have audited the financial statements of Sara Lee Bakery UK Limited for the year ended 30 June 2007 which comprise the Profit and Loss Account, 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**

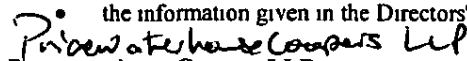
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

### **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 30 June 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  
Chartered Accountants and Registered Auditors  
Birmingham

28 April 2008

## Sara Lee Bakery UK Limited

### Profit and loss account for the year ended 30 June 2007

	Notes	2007 £'000	2006 £'000
Turnover	2	-	133
Net operating expenses		-	(257)
Operating loss	5	-	(124)
Interest payable and similar expenses	6	(6)	-
Loss on ordinary activities before taxation		(6)	(124)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year	11	(6)	(124)

All activities relate to discontinued operations

There are no recognised gains or losses, other than the result for each financial year

There is no difference between the result disclosed in the profit and loss account and the result on an unmodified historical cost basis (2006 no difference)

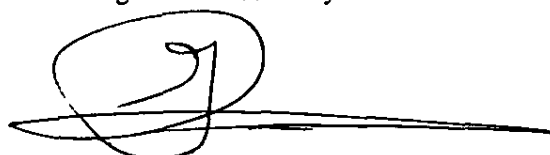
The notes on pages 6 to 11 form part of these financial statements

# Sara Lee Bakery UK Limited

## Balance sheet as at 30 June 2007

	Notes	2007 £'000	2006 £'000
<b>Current assets</b>			
Debtors	8	-	134
		-	134
<b>Creditors</b> amounts falling due within one year	9	(129)	(257)
<b>Net current liabilities</b>		(129)	(123)
<b>Net liabilities</b>		(129)	(123)
<b>Capital and reserves</b>			
Called-up share capital	10	50	50
Profit and loss reserve	11	(179)	(173)
<b>Shareholders' deficit</b>	12	(129)	(123)

The financial statements on pages 4 to 11 were approved by the board of directors on 25 April 2008 and were signed on its behalf by



J Stam  
Director

# **Sara Lee Bakery UK Limited**

## **Notes to the financial statements for the year ended 30 June 2007**

### **1 Accounting policies**

The accounts are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are set out below

#### **Turnover**

Turnover represents royalty income on the sales of frozen cakes arising during the relevant accounting year as reported by the royalty licensee

#### **Going Concern**

The company has net current liabilities of £129,000. The company has received confirmation from its UK parent undertaking, Sara Lee Investments, that it will provide financial support necessary to meet its obligations for a period of 18 months from the date of signing of these financial statements, and the directors consider that it is appropriate that the going concern principle is applied in the preparation of the financial statements

#### **Taxation including deferred taxation**

The charge for taxation is based on the result 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 taxation is provided on all timing differences in accordance with Financial Reporting Standard No. 19 'Deferred tax'. Deferred taxation assets are recognised to the extent they are recoverable.

Deferred tax assets and liabilities are not discounted

#### **Cash flow statement**

The company is a wholly owned subsidiary of Sara Lee Corporation and is included in the consolidated financial statements of Sara Lee Corporation, which is publicly available. Consequently the company has taken advantage of the exemption set out in Financial Reporting Standard 1 (Revised) and has not presented a cash flow statement

#### **Related parties**

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Sara Lee Corporation



# Sara Lee Bakery UK Limited

## Notes to the financial statements for the year ended 30 June 2007 (continued)

### 2 Turnover

All turnover relates to discontinued operations and arose entirely within the United Kingdom

### 3 Employee information

The average monthly number of persons employed (including executive directors) by the company was as follows

	2007	2006
	Number	Number
Sales and administration	-	1

Employee costs during the year amounted to

	2007	2006
	£'000	£'000
Wages and salaries	-	130
Social security costs	-	15
	-	145

### 4 Directors' emoluments

Directors' emoluments of the directors were as follows

	2007	2006
	£'000	£'000
Emoluments	-	103

The company had no employees in either year and no director (2006 one) received any remuneration for services to the company during the year

Four of the directors who served during the year were members of a defined benefit pension scheme administered by a related undertaking (2006 Three), Sara Lee Household and Body Care International BV

## Sara Lee Bakery UK Limited

### Notes to the financial statements for the year ended 30 June 2007 (continued)

#### 5 Operating loss

	2007	2006
	£'000	£'000
Operating loss is stated after charging		
Auditors' remuneration		
- audit fees	-	8
- non audit fees	-	-

Audit fees have been borne by other group company in the current year and no recharge has been made for this cost

#### 6 Interest Payable and similar expenses

	2007	2006
	£'000	£'000
Bank Interest	(6)	-

#### 7 Tax on loss on ordinary activities

	2007	2006
	£'000	£'000
United Kingdom corporation tax at 30% (2006 30%)	-	-
<b>Total current tax on loss on ordinary activities</b>	<b>-</b>	<b>-</b>

# Sara Lee Bakery UK Limited

## Notes to the financial statements for the year ended 30 June 2007 (continued)

### 7 Tax on loss on ordinary activities (continued)

The taxation assessment is different to the standard rate of corporation tax in the United Kingdom at 30% (2006 30%) The differences are explained below

	2007	2006
	£'000	£'000
Loss on ordinary activities before tax	6	124
Loss on ordinary activities at the UK standard rate of 30% (2006 30%)	2	37
Effects of		
Expenses and provisions not allowable for tax purposes	(2)	-
Group relief surrendered for no payment	-	(37)
	-	-

From April 2008 the corporation tax rate will reduce to 28%

### 8 Debtors

	2007	2006
	£'000	£'000
Trade debtors	-	134

# Sara Lee Bakery UK Limited

## Notes to the financial statements for the year ended 30 June 2007 (continued)

### 9 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Bank loans and overdraft	-	210
Amounts owed to group undertakings	121	16
Other tax and social security	-	24
Accruals and deferred income	8	7
	129	257

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

### 10 Called-up share capital

	2007	2006
	£'000	£'000
<b>Authorised</b>		
100,000 ordinary shares of £1 each	100	100
<b>Allotted, called-up and fully-paid</b>		
50,000 ordinary shares of £1 each	50	50

### 11 Reserves

	Profit and loss reserve
	£'000
At 30 June 2006	(173)
Loss for the year	(6)
At 30 June 2007	(179)

# **Sara Lee Bakery UK Limited**

## **Notes to the financial statements for the year ended 30 June 2007 (continued)**

### **12 Reconciliation of movements in shareholders' deficit**

	2007	2006
	£'000	£'000
Loss for the financial year	(6)	(124)
Net increase in shareholders' deficit	(6)	(124)
Opening shareholders' (deficit)/funds	(123)	1
Closing shareholders' deficit	(129)	(123)

### **13 Guarantees**

The company is a party to a joint and several guarantee and bank set-off agreement entered into by the immediate holding company and certain other group undertakings

### **14 Ultimate parent company**

The company's immediate parent company is Sara Lee UK Holdings Ltd, a company registered in England and Wales. The company's ultimate holding company is Sara Lee Corporation, a company incorporated in the state of Maryland, United States of America

The company's results are consolidated by the ultimate parent company and copies of these accounts are available from Sara Lee Corporation, Three First National Plaza, Chicago, Illinois 60602-4260, USA