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IRISH BISCUITS (N.I.) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

Company Registration Number NI 7475



IRISH BISCUITS (N.I.) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2006

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IRISH BISCUITS (N.I.) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

Mr M Oldham
Ms S Furst
Mr S Rose

COMPANY SECRETARY

Mr M Oldham

REGISTERED OFFICE

P O Box 3
Hillsborough
Co Down

AUDITORS

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

BANKERS

Northern Bank Limited
1-9 Victoria Street
Belfast

SOLICITORS

Johns Elliot
40 Linenhall Street
Belfast, BT2 8BA

IRISH BISCUITS (N.I.) LIMITED**THE DIRECTORS' REPORT****YEAR ENDED 31ST DECEMBER 2006**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be the distribution of biscuits and other foods.

The results for the year and the financial position at the end of the year were satisfactory.

KEY PERFORMANCE INDICATORS

Jacobs NI's key financial and other performance indicators from continuing operations during the year were as follows:

	2006 £ million	2005 £ million
Revenue	14.9	15.8
Business profit	1.4	1.7
Shareholder funds	3.6	4.2
Expenditure on capital and restructuring	0	0
Average number of employees	25	28

Revenue from continuing operations decreased from £15.8 million in 2005 to £14.8 million in 2006, a decrease of £0.9 million, or 5.7%. The revenue decrease in 2006 was principally derived from the loss of Tesco business as they started delivering from UK directly. This loss amounted to £1.1 million, showing an increase of £0.2 million from other areas.

Business profit is the primary measure by which management measure business performance and is used by management for the purpose of business decision making and resource allocation. Business profit represents the profit or loss from continuing operations before the share of results of joint venture, taxes, financing, other income and expenses and depreciation and amortisation expense.

Business profit from continuing operations decreased from £1.7 million in 2005 to £1.4 million in 2006, a decrease of £0.3 million, or 17.6%. This reduction is in line with the reduced revenue due to the loss of the Tesco business.

Shareholder funds decreased to £3.6 million due to the payment of an interim dividend. At the end of 2005, shareholder funds totalled £4.2 million. This is a decrease of 14.3%

There has been no expenditure on capital during the last 2 years, in line with company policy.

The average number of employees from continuing operations decreased from 28 in 2005 to 25 in 2006, a decrease of 10.7%, principally due to the integration of the Jacobs business into the group's existing business in the UK.

PRINCIPAL RISKS AND UNCERTAINTIES

The UB group has established a Risk Committee that meets regularly to evaluate key risks to the group. This committee is also responsible for Jacobs NI decisions.

As well as financial risks, the group is subject to a number of significant business risks. These risks include the following:

- Substantial leverage
- Ability to implement its business strategy
- Funding of defined benefit pension schemes
- Significant competition
- Consolidation of grocery retailers in its markets
- Dependence on raw materials
- Supply and manufacturing processes
- Trade hostilities
- Challenges to its brands and intellectual property rights
- Changes to taxation caused by fiscal legislation
- Restrictions on operations and government legislation

Additional risks not presently known to the group, or that management currently deem immaterial, may also impair future business operations.

FINANCIAL RISK MANAGEMENT

In the ordinary course of business, the group is exposed to a variety of financial risks arising from fluctuations in foreign currency exchange rates, interest rates and commodity prices. To manage these risks effectively, the group enters into hedging transactions

IRISH BISCUITS (N.I.) LIMITED**THE DIRECTORS' REPORT****YEAR ENDED 31ST DECEMBER 2006**

and uses derivative financial instruments, under established internal guidelines and policies, to mitigate the adverse effects of these risks. The group does not enter into financial instruments for trading or speculative purposes.

The Treasury Management Committee establishes the group's financial risk strategy. The strategy is implemented by a central treasury department (Group Treasury), which identifies, evaluates and hedges financial risks, working closely with the group's operating units. The Treasury Management Committee ensures that critical controls exist and are operating correctly within Group Treasury. Written policies, approved by the Treasury Management Committee, provide the framework for the management of the group's financial risks, and provide specific guidance on areas such as foreign exchange risk, interest rate risk and liquidity risk.

Interest rate risk

The group's interest rate risk arises through the interest cash flow from borrowing at variable rates. Interest rate swaps have been used to convert a proportion of borrowings from floating rate debt to fixed rate debt. Approximately 64% of the group's total floating rate debt was converted into fixed rate debt at December 31, 2005. During December 2006 all of the group's borrowings were repaid therefore the group had no interest rate risk at 31 December 2006.

Credit risk

Credit risk may arise because of non-performance by a counter party. The group is exposed to credit risk on its financial instruments including trade receivables. All derivative counterparties and cash transactions are limited to high credit quality financial institutions. The group is not exposed to concentration of credit risk on its derivative assets as these are spread over several financial institutions. Trade receivables are subject to credit limits, control and approval procedures in all entities. Due to its large geographical base, number and quality of customers, the group is not exposed to material concentrations of credit risk on its trade receivables.

Liquidity risk

The group manages liquidity risk through the availability of committed credit facilities, and by maintaining sufficient cash to meet obligations as they fall due.

FUTURE DEVELOPMENTS

It is the directors' intention to develop the present activities of the company.

RESULTS AND DIVIDENDS

The profit for the financial year is £1,394,528. (2005: £1,667,529).

The following dividends have been paid during the year:

	2006	2005
	£	£
Interim dividends paid on ordinary shares	2,099,242	0

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year are shown on page 1.

None of the directors had any beneficial interests in the shares of the company during the year. Interests in the shares of the parent company are set out in the accounts of that company.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. 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;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

THE DIRECTORS' REPORT (continued)

YEAR ENDED 31ST DECEMBER 2006


The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. The directors 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

A resolution to appoint Ernst & Young LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with Article 392 of the Companies (Northern Ireland) Order 1986.

Registered office:
P O Box 3
Hillsborough
Co Down

Signed on behalf of the directors



Mr M Oldham
Company Secretary

Approved by the directors on 14 September 2007

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRISH BISCUITS (N.I.) LIMITED

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. 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 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the directors' report is consistent with the financial statements.

Registered auditor
Belfast

Ernst & Young LLP
20 September 2007

IRISH BISCUITS (N.I.) LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 2006**

		2006	2005
	Note	£	£
Turnover	2	14,898,322	15,828,960
Cost of sales		(11,342,081)	(12,107,550)
GROSS PROFIT		3,556,241	3,721,410
Distribution costs		(1,959,831)	(1,958,827)
Administrative expenses		(71,051)	(133,356)
OPERATING PROFIT	3	1,525,359	1,629,227
Interest receivable and similar income	6	98,869	20,258
Finance Income/(costs)		41,000	(1,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,665,228	1,648,485
Taxation	7	(270,700)	19,044
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,394,528	1,667,529

All amounts above relate to the continuing operations of the company.

IRISH BISCUITS (N.I.) LIMITED

YEAR ENDED 31ST DECEMBER 2006

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2006	2005
	£	£
Profit on ordinary activities before taxation	1,665,228	1,648,485
Difference between historical cost depreciation charge and the actual charge for the year calculated on the revalued amount	3,496	3,496
Historical cost profit on ordinary activities before taxation	<u>1,668,724</u>	<u>1,651,981</u>
Historical cost profit/(loss) for the year retained after taxation and dividends	<u>(701,218)</u>	<u>1,671,025</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Profit for the financial year	1,394,528	1,667,529
Dividends	(2,099,242)	0
Net movement during the year	<u>(704,714)</u>	<u>1,667,529</u>
Opening shareholders' equity funds	3,658,637	1,903,108
Actuarial gain less deferred tax	113,400	88,000
Closing shareholders' equity funds	<u>3,067,323</u>	<u>3,658,637</u>

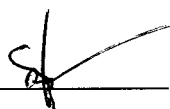
STATEMENT OF RECOGNISED GAINS AND LOSSES

Profit attributable to shareholders	1,394,528	1,667,529
Actuarial gains on pension fund	162,000	126,000
Deferred tax charge on actuarial gains	(48,600)	(38,000)
Total recognised gains for the period	<u>1,507,928</u>	<u>1,755,529</u>
Prior year adjustment on adoption of FRS 17		(476,000)
Total recognised gains since the last annual report	<u>1,507,928</u>	<u>1,279,529</u>

IRISH BISCUITS (N.I.) LIMITED**BALANCE SHEET****31st DECEMBER 2006**

		2006	2005
	Note	£	£
FIXED ASSETS			
Tangible assets	9	207,935	221,258
CURRENT ASSETS			
Stocks	10	593,101	751,343
Debtors	11	3,958,851	3,464,571
Cash at bank and in hand		790,295	1,763,566
		<u>5,342,247</u>	<u>5,979,480</u>
CREDITORS: Amounts falling due within one year	12	<u>(1,935,783)</u>	<u>(1,802,225)</u>
NET CURRENT ASSETS		<u>3,406,464</u>	<u>4,177,255</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,614,399</u>	<u>4,398,513</u>
 Pension Surplus/(deficit)	13	 30,800	 162,000
NET ASSETS INCLUDING PENSION LIABILITIES		<u><u>3,645,199</u></u>	<u><u>4,236,513</u></u>
 CAPITAL AND RESERVES			
Equity share capital	17	28,000	28,000
Share premium account		387,000	387,000
Revaluation reserve		162,876	162,876
Profit and loss account		<u>3,067,323</u>	<u>3,658,637</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>3,645,199</u></u>	<u><u>4,236,513</u></u>
		0	

The financial statements on pages 5 to 16 were approved by the directors on 14 September 2007, and are signed on their behalf by:



Director

IRISH BISCUITS (N.I.) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2006**

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain tangible fixed assets.

The financial statements are prepared in accordance with applicable accounting standards.

Cash flow statement

The Company has not produced a cash flow statement as the parent Company as at 1 January 2007, United Biscuits Group (Investments) Limited, has prepared a consolidated cash flow statement complying with Financial Reporting Standard 1 "Cash Flow Statements (revised 1996)."

Turnover

Turnover represents the invoiced value of goods supplied during the year excluding value added tax. Revenue is recognised upon shipment of products, which is when title to the product is transferred to the customer.

Fixed Assets

On adoption of FRS 15, the company followed the transitional provisions to retain the book value of long leasehold land and buildings which were revalued in December 1984, but not to adopt a policy of revaluation in the future.

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

Land	- No Depreciation is provided
Freehold Property	- 2% Straight Line
Plant and Machinery	- 7-33% & 5% Straight Line

Stocks

Stocks are valued, on the first in first out basis, at the lower of cost and estimated net realisable value. Cost includes all expenditure, which has been incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price, net of trade discount, of stock on hand less all further costs expected to be incurred in marketing, selling and distribution.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension costs

The Company operates a funded pension scheme. The cost of providing benefits is determined using the projected unit method, with actuarial valuations being carried out at each balance sheet date, with the surplus or deficit arising recognised in the balance sheet. Changes in the actuarial valuation other than those arising from actuarial gains and losses are recognised in the profit and loss account. Changes arising from actuarial gains and losses are recognised in the statement of recognised gains and losses. In addition to the defined benefit scheme, the company also operates a contributory Group Personal Pension.

IRISH BISCUITS (N.I.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made, where on the basis of all available evidence at the balance sheet date, it is more likely than not the taxable gain will be rolled into the replacement assets and charged to tax only where the replacement assets are sold;

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at balance sheet date, dividends have been accrued as receivable;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Advertising and promotional expenditure

Advertising and promotional expenditure is written off in full in the period in which the costs are incurred.

2. ANALYSIS OF TURNOVER AND RESULTS

The turnover and results relate to the company's main activity which is carried out in the United Kingdom and Ireland.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2006 £	2005 £
Depreciation - owned assets	13,323	15,830
- leased assets	0	0
Auditors' remuneration - audit services	0	0
Loss on disposal of fixed assets	0	0
Operating lease rentals - hire of vehicles	71,892	76,371

4. EMPLOYEE INFORMATION

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

	2006	2005
Management	2	2
Administration and sales	18	21
Distribution	5	5
	25	28

The aggregate payroll costs of these persons were as follows:

	2006 £	2005 £
Wages and salaries	763,238	796,305
Social security costs	74,480	82,962
Pension costs	143,370	214,391
	981,088	1,093,658

IRISH BISCUITS (N.I.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

5. DIRECTORS' EMOLUMENTS

There were no directors' emoluments.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £	2005 £
Bank Interest	63,232	20,258
Interest on Loan to Parent	35,637	
Interest Receivable	<u>98,869</u>	<u>20,258</u>

7. TAXATION

	2006 £	2005 £
Current Tax:		
UK corporation tax at 30%	450,000	0
Adjustment in respect of previous periods	<u>(232,977)</u>	<u>0</u>
Total current tax	217,023	0
Deferred tax:		
Origination and reversal of timing differences	20,077	(47,044)
FRS17	33,600	28,000
Total deferred tax credit	<u>53,677</u>	<u>(19,044)</u>
Tax on profit on ordinary activities	<u>270,700</u>	<u>(19,044)</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

In addition to the tax charge in the profit and loss account detailed above, £48,600 of deferred tax has been debited to the statement of recognised gains and losses in respect of an actuarial gain recognised on the company's pension schemes (2005 - charge of £38,000)

	2006 %	2005 %
Profit on ordinary activities at statutory rate	30.0	30.0
Book depreciation in excess of capital allowances	0.1	0.3
Short term timing differences	-3.5	0.8
Prior Years Over Provision	(14.5)	
Group relief not paid for		(31.3)
Other items	1.6	0.2
	<u>13.7</u>	<u>0.0</u>

IRISH BISCUITS (N.I.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2006

8. DIVIDENDS

The following dividends have been paid during the year:

	2006 £	2005 £
Interim dividends paid on ordinary shares	<u>2,099,242</u>	<u>0</u>

The interim dividend of £2,099,242 consisted of £83.96 per 'A' share.

9. TANGIBLE FIXED ASSETS

	Land & Buildings £	Equip, Plant & Machinery £	Total £
COST OR VALUATION			
At 1st January 2006	322,283	646,463	968,746
At 31st December 2006	<u>322,283</u>	<u>646,463</u>	<u>968,746</u>
ACCUMULATED DEPRECIATION			
At 1st January 2006	121,227	626,261	747,488
Charge for the year	6,028	7,295	13,323
At 31st December 2006	<u>127,255</u>	<u>633,556</u>	<u>760,811</u>
NET BOOK VALUE			
At 31st December 2006	<u>195,028</u>	<u>12,907</u>	<u>207,935</u>
At 31st December 2005	<u>201,056</u>	<u>20,202</u>	<u>221,258</u>

Revaluation of fixed assets

Freehold land and buildings are stated at:

	2006 £	2005 £
Cost	64,918	64,918
Open Market Value - 1984	<u>257,365</u>	<u>257,365</u>
	<u>322,283</u>	<u>322,283</u>

The land and buildings at 31 December 1984 of the company were revalued by Lisney & Son on the open market basis,

The depreciable element of freehold land and buildings, namely buildings, amounts to £301,411 (2005: £301,411).

IRISH BISCUITS (N.I.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

9. TANGIBLE FIXED ASSETS *(continued)*

The historical cost equivalent of land and buildings included at valuation above is as follows:

	2006	2005
	£	£
Historical cost	126,593	126,593
Accumulated depreciation	(68,421)	(65,889)
	<u>58,172</u>	<u>60,704</u>

10. STOCKS

	2006	2005
	£	£
Goods for resale	<u>593,101</u>	<u>751,343</u>

The estimated replacement costs of stocks are not considered to be materially different from their balance sheet value.

11. DEBTORS

	2006	2005
	£	£
Trade debtors	1,841,672	1,511,818
Amounts owed by parent company	1,785,096	1,604,723
Other debtors	259,313	262,925
Prepayments and accrued income	23,407	26,913
Corporation Tax	0	11,148
VAT	22,396	0
Deferred Tax (Note 14)	26,967	47,044
	<u>3,958,851</u>	<u>3,464,571</u>

All amounts shown under debtors fall due for payment within one year except deferred tax asset which is not recoverable within one year.

12. CREDITORS: Amounts falling due within one year

	2006	2005
	£	£
Trade creditors	1,237,644	1,369,412
Amounts owed to group undertakings	49,465	28,654
Other tax and social security	75,543	65,561
Corporation tax	0	0
Accruals and deferred income	573,131	338,598
	<u>1,935,783</u>	<u>1,802,225</u>

IRISH BISCUITS (N.I.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

13. PENSION COMMITMENTS

The Company's principal pension scheme is a defined benefit scheme, which is funded by the payment of contributions to a separately administered fund. Contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of regular actuarial valuations using the projected unit method.

The most recent actuarial valuation conducted as at 31 December 2005 has been updated using the major assumptions as set out below.

Disclosures under FRS 17

For the purposes of FRS 17 "Retirement Benefits", the following financial assumptions were used by the actuary in updating the full valuation at 31 December 2006:

	2006	2005	2004
Rate of increase in salaries	3.60%	3.30%	3.60%
Rate of increase of pension payment	2.50%	2.50%	2.40%
Discount rate	5.39%	4.81%	5.40%
Inflation Assumption	2.90%	2.60%	2.60%

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31 December 2006	Value at 31 December 2006 £	Long term rate of return expected at 31 December 2005	Value at 31 December 2005 £	Long term rate of return expected at 31 December 2004	Value at 31 December 2004 £
Equities	8.50%	1,803,000	8.00%	1,697,000	8.00%	1,218,000
Bonds	5.00%	617,000	4.50%	632,000	4.60%	617,000
Property	8.50%	24,000	8.00%	19,000	n/a	-
Cash	5.30%	86,000	4.50%	53,000	4.75%	64,000
Total market value of assets		<u>2,530,000</u>		<u>2,401,000</u>		<u>1,899,000</u>
Present value of scheme liabilities		<u>(2,486,000)</u>		<u>(2,632,000)</u>		<u>(2,351,000)</u>
Surplus/(deficit) in the scheme		<u>44,000</u>		<u>(231,000)</u>		<u>(452,000)</u>
Related deferred tax asset/(liability)		<u>(13,200)</u>		<u>69,000</u>		<u>136,000</u>
Net pension surplus/(liability)		<u>30,800</u>		<u>(162,000)</u>		<u>(316,000)</u>

IRISH BISCUITS (N.I.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

13. PENSION COMMITMENTS (*continued*)

Analysis of the amount charged to operating profit

	2006 £	2005 £
Operating Profit		
Current service cost	55,000	61,000
Total operating charge	<u>55,000</u>	<u>61,000</u>
Other finance income/(costs)		
Expected return on pension scheme assets	160,000	129,000
Interest on pension scheme assets	(119,000)	(130,000)
Net return	<u>41,000</u>	<u>(1,000)</u>

Analysis is of amount recognised in the

Statement of total recognised gains and losses (STRGL)

Actual return less expected return on assets	178,000	258,000
Experience gains and losses arising on the scheme liabilities	9,000	85,000
Changes in assumptions underlying the present value of the scheme liabilities	(25,000)	(217,000)
Actuarial gain recognised in STRGL	<u>162,000</u>	<u>126,000</u>

Movement in surplus during the year

Deficit in scheme at beginning of year	(231,000)	(452,000)
Current service cost	(55,000)	(61,000)
Contributions	127,000	157,000
Past service costs	-	-
Other financial (costs)/income	41,000	(1,000)
Actuarial Gain	<u>162,000</u>	<u>126,000</u>
Surplus/(Deficit) in scheme at end of year	<u>44,000</u>	<u>(231,000)</u>

IRISH BISCUITS (N.I.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2006

13. PENSION COMMITMENTS (continued)

Details of experienced gains and losses for the year:	2006	2005	2004
Difference between the experienced and actual return on scheme assets			
Amount (£)	178,000	258,000	82,000
Percentage of scheme assets	7%	11%	4%
Experienced gains and losses on scheme liabilities			
Amount (£)	9,000	85,000	66,000
Percentage of scheme assets	0%	3%	3%
Total amount recognised in STRGL			
Amount (£)	162,000	126,000	162,000
Percentage of scheme assets	7%	5%	7%

14. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2006 £	2005 £
At 1st January 2006	47,044	0
(Charge)/credit to profit and loss account	(20,077)	(47,044)
At 31st December 2006	26,967	(47,044)

Deferred tax: Full provision has been made for potential deferred tax liabilities as follows:

	2006 £	2005 £
Book depreciation in excess of capital allowances	10,467	8,279
Short term timing differences	16,500	38,765
	26,967	47,044

The deferred tax balances above do not include any amounts in respect of the company's pension liability which is shown on the balance sheet after deduction of a deferred tax liability of £13,200 (2005 - £69,000)

15. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided in financial statements

16. FINANCIAL COMMITMENTS

At 31st December 2006 the company had annual commitments under non-cancellable operating leases expiring as follows:

Assets other than land and buildings

	2006 £	2005 £
Operating leases which expire:		
Within 1 year	71,892	76,371
In more than 1 year, but not more than 5 years	-	35,211
	71,892	111,582

IRISH BISCUITS (N.I.) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 2006****17. SHARE CAPITAL****Authorised share capital:**

	2006	2005
	£	£
30,000 Ordinary 'A' shares of £1.00 each	30,000	30,000
20,000 Ordinary 'B' shares of £1.00 each	20,000	20,000
	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No.	£	No.	£
Ordinary 'A' shares of £1.00 each	25,000	25,000	25,000	25,000
Ordinary 'B' shares of £1.00 each	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>

18. CONTINGENT LIABILITIES

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31st December 2006.

19. ULTIMATE PARENT COMPANY

The Company's ultimate UK parent undertaking is United Biscuits Group (Investments) Limited. It has included the Company in its group financial statements, copies of which are available from its registered office:

Hayes Park
Hayes End Road
Hayes
Middlesex, UB4 8EE

In the directors' opinion, the Company's ultimate parent undertaking is United Biscuits LUXCO SARL GB, which is registered in Luxembourg

20. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions laid out in Financial Reporting Standard Number 8 "Related Party Transactions" not to disclose transactions with entities that are part of the group, on the grounds that consolidated financial statements of the group are publicly available.