

Grampian Country Chickens Limited

Directors' report and financial statements

Registered number SC069320

31 December 2009

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Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the period from 23 November 2008 to 31 December 2009.

Registered Number

The company's registered number is SC069320.

Principal Activities, Trading Review and Future Developments

The principal activity of the company since June 2008 was the provision of various services to other group companies. During the current period the company ceased to provide group services for which a fee had previously been charged. The company continues to administer the group's banking facilities.

The profit and loss account on page 5 shows a profit after tax for the financial period of £609,000 (2008: £301,000).

The directors do not recommend the payment of a dividend (2008: £Nil).

Risks & Uncertainties

The company monitors cash flow as part of its day to day control procedures. Regular consideration of the company's cash flow projections enables management to ensure that the company operates within the committed funding available to it.

Parent Company

The company's ultimate UK holding company is VION Food Group Limited. The ultimate parent company is VION Holding NV.

Change of Year End

The company previously had a financial year end at 22 November. During the period the directors took the decision to extend the period to 31 December in order to adopt the same accounting period end as the ultimate parent company.

Directors

The directors who held office during the period were as follows:

A M Christiaan	
A M M Lammers	(resigned 1 January 2010)
S R W Francis	(appointed 5 March 2009)
L A M Vernaas	(appointed 1 October 2009)

The directors benefit from qualifying third party indemnity provisions which continued in place from their appointment and at the date of this report or to the date of resignation.

Employee involvement

It is the company's policy that management should consult regularly with employees on matters which affect their employment and that their views should be taken into account when decisions are taken which will affect their interests.

Employment of disabled persons

The company employs disabled persons who are able to fulfil the required duties and such disabled persons share the same opportunities for training and career progression as other employees.

Directors' report *(continued)*

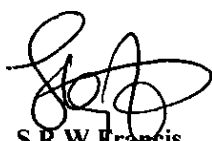
Disclosure of information to auditors

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

Auditors

BDO LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



S R W Francis
Director

7 Bain Square
Kirkton Campus
Livingston
EH54 7DQ

7 September 2010

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 period. 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). 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 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.

Independent auditors' report to the members of Grampian Country Chickens Limited

We have audited the financial statements of Grampian Country Chickens Limited for the 13 month period ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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 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.



Ian Beaumont (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
1 Bridgewater Place, Water Lane, Leeds, LS11 5RU
United Kingdom
7 September 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit and loss account
for the period ended 31 December 2009

	<i>Note</i>	2009 13 months to December £000	2008 18 months to November £000
Turnover	2	1,992	15,569
Change in stocks of finished goods and goods for resale		-	(8)
Raw materials and consumables		-	(5,176)
Staff costs (including exceptional charges of £Nil (2008: £432,000))	5,6	(483)	(2,363)
Depreciation and other amounts written off tangible fixed assets	3	(1)	(198)
Other operating credits/(charges) (including exceptional charges of £Nil (2008: £1,129,000)).	6	327	(2,752)
		(157)	(10,497)
Operating profit		1,835	5,072
Interest receivable and similar income	7	108	337
Interest payable and similar charges	8	(1,715)	(4,657)
Profit on ordinary activities before taxation	3	228	752
Taxation on profit/(loss) on ordinary activities	9	381	(451)
Profit for the financial period	15	609	301

During the period the operations relating to the provision of group services were discontinued as set out in note 2. There are no continuing operations.

During the prior period the poultry processing operations were discontinued as set out in note 2.

The company had no other recognised gains or losses other than the results for the financial period and prior financial period.

The notes on pages 7 to 13 form part of these financial statements.

Balance sheet
at 31 December 2009

	Note	2009 December £000	2008 November £000
Fixed assets			
Tangible assets	10	-	5
Current assets			
Debtors	11	5,034	557
Cash at bank and in hand		-	9,429
		<u>5,034</u>	<u>9,986</u>
Creditors: amounts falling due within one year	12	<u>(2,919)</u>	<u>(8,485)</u>
Net current assets		2,115	1,501
Total assets less current liabilities		2,115	1,506
Accruals and deferred income	13	(42)	(42)
Net assets		2,073	1,464
Capital and reserves			
Called up share capital	14	2,780	2,780
Profit and loss account	15	(707)	(1,316)
Shareholders' funds	16	2,073	1,464

The notes on pages 7 to 13 form part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on 7 September 2010 and were signed on its behalf by:


S R W Francis
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

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

The company, along with a number of fellow trading subsidiaries is part of a UK group cash pool facility. Additionally the group has various committed bank facilities available up to December 2011. Through the UK cash pool facility the company can draw on the group facilities as required.

Having regard to the group's committed facilities and the forecast future funding requirements of the company the directors have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

The financial statements have been prepared for the 58 week trading period from 23 November 2008 to 2 January 2010. The comparative period is for the 77 week trading period ended 22 November 2008

The company is exempt from the requirements of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of a parent undertaking which has produced a cash flow statement.

As the company is a wholly owned subsidiary of VION Holding NV, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed separately the transactions or balances with entities which form part of the group.

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

Turnover

Turnover for the previous period to January 2008 represents sales to external customers at invoiced amounts less value added tax of various poultry products. Turnover was recognised when the risks and rewards of owning the goods passed to the customer which is generally on delivery.

Turnover for the period since June 2008 represents income from group companies in respect of services provided to the group. Turnover is recognised when the service has been provided to the group.

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 estimated useful economic lives as follows:

Freehold buildings	-	2% to 4%
Plant and machinery	-	10% to 25%
Motor vehicles	-	25%

No depreciation is provided on freehold land.

The profit or loss on the disposal of a tangible fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount, whether carried at historical cost (less any provisions made) or at a valuation.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Leases

Assets acquired under finance leases and hire purchase contracts are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

Accounting policies (continued)

Pension costs

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from the participating companies in independently administered funds. The amount charged to the profit and loss account represents contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is defined as average invoice cost of production including attributable overheads. Net realisable value is taken as estimated sales proceeds less selling costs.

Taxation

The charge for taxation is based on the results for the period and takes into account deferred tax. Deferred tax is recognised with 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.

Foreign currencies

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

2 Turnover

Turnover for the period is attributable to the provision of services to group companies. During the period the company ceased providing group services.

Turnover totalling £9,188,000 for the previous period is attributable to the provision of group services from June 2008. Turnover totalling £6,381,000 for the previous period is attributable to poultry processing.

Turnover in both the current and previous period was wholly derived in the United Kingdom.

3 Profit/(loss) on ordinary activities before taxation

	2009 13 months to December £000	2008 18 months to November £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation:		
Owned	1	164
Leased	-	26
Grants released to profit and loss account	-	(2)
Loss on disposal of fixed assets	-	10
	<hr/>	<hr/>
	1	198
	<hr/>	<hr/>
Auditors' remuneration:		
Audit of these financial statements	-	25
Other services relating to tax	-	115
Rentals payable under operating leases:		
Plant and machinery	-	107
Other	-	4
	<hr/>	<hr/>

The audit fee for the company for the current period was borne by another group company. The amount attributable to the company is £2,000.

Tax and audit services fees incurred in the previous period are in relation to services provided to the whole of the group.

Notes (continued)

4 Remuneration of directors

The aggregate emoluments of A M Christiaan and S R W Francis were borne by VION Food Group Limited and the aggregate emoluments of A M M Lammers and L A M Vernaas were borne by VION Holding NV. Their remuneration is disclosed in the accounts of these companies but it has not been practical to allocate their remuneration between their services as executives of this company and other group companies.

5 Staff numbers and costs

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

	Number of employees	
	2009 13 months to December	2008 18 months to November
Management and administration	3	30

The aggregate payroll costs of these persons were as follows:

	2009 13 months to December £000	2008 18 months to November £000
Wages and salaries	351	1,837
Social security costs	28	233
Pension costs	104	293
	<u>483</u>	<u>2,363</u>

6 Exceptional items

Exceptional costs in the prior period totalling £1,561,000 comprise the cost of ceasing processing at the Banff site. These costs include redundancy and onerous lease cost.

7 Interest receivable and similar income

	2009 13 months to December £000	2008 18 months to November £000
Bank interest receivable	108	337

8 Interest payable and similar charges

	2009 13 months to December £000	2008 18 months to November £000
Finance charges payable in respect of hire purchase contracts	-	6
Bank interest payable	1,715	4,503
Other interest payable	-	148
	<u>1,715</u>	<u>4,657</u>

Notes (continued)

9 Taxation on profit on ordinary activities

	2009 13 months to December		2008 18 months to November	
<i>Analysis of (credit)/charge in period</i>	£000	£000	£000	£000
<i>Current tax</i>				
Adjustments in respect of prior year	(430)		-	
Adjustments in respect of prior year – group relief	-		(306)	
Group relief – current period	64		757	
Total tax (credit)/charge		(366)		451
<i>Deferred tax</i>				
Timing differences between accounting and tax treatment		(15)		-
Tax (credit)/charge on profit on ordinary activities		(381)		451

Factors affecting current tax charge for period

The tax credit for the period is lower (2008: charge higher) than that obtained by applying the standard rate of corporation tax in the UK of 28% (2008: 28%) to the profit before tax. The differences are explained below:

	2009 13 months to December £000	2008 18 months to November £000
Profit on ordinary activities before taxation	228	752
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 28%)	64	211
<i>Effects of:</i>		
Expenses disallowable for tax purposes	-	67
Depreciation for period in excess of capital allowances	-	(101)
Other timing differences	-	(1)
Adjustments to tax charge in respect of previous years – group relief	(430)	(306)
Group relief surrendered at a rate in excess of standard rate of corporation tax	-	639
Non qualifying depreciation on buildings	-	7
Non qualifying FA additions and phase out of IBA's	-	(65)
Current tax (credit)/charge for period (see above)	(366)	451

Notes (continued)

10 Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Total £000
Cost			
At beginning of period	7,506	18	7,524
Additions	5	-	5
Intercompany disposals	(13)	-	(13)
Disposals	-	(18)	(18)
	<hr/>	<hr/>	<hr/>
At end of period	7,498	-	7,498
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of period	7,501	18	7,519
Charge for period	1	-	1
Intercompany disposals	(4)	-	(4)
Disposals	-	(18)	(18)
	<hr/>	<hr/>	<hr/>
At end of period	7,498	-	7,498
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2009	-	-	-
	<hr/>	<hr/>	<hr/>
At 22 November 2008	5	-	5
	<hr/>	<hr/>	<hr/>

11 Debtors

	2009 December £000	2008 November £000
<i>Amounts falling due within one year:</i>		
Other debtors	-	19
Prepayments	-	5
Amounts owed by group undertakings	5,019	533
Deferred tax asset	15	-
	<hr/>	<hr/>
	5,034	557
	<hr/>	<hr/>

Notes (continued)

11 Debtors (continued)

	Deferred Taxation £000
At beginning of period	-
Credit to profit and loss account	15
	<hr/>
At end of period	15
	<hr/> <hr/>

The elements of deferred taxation are as follows:

	2009 December £000	2008 November £000
Differences between accumulated depreciation and amortisation and capital allowances	15	-
	<hr/>	<hr/>

In the Emergency Budget on 22 June 2010 it was announced that, from 1 April 2011, the corporation tax rate in the UK would reduce to 27% and would fall by 1% per annum thereafter down to a rate of 24% by 1 April 2014. The effect of these proposals will be to reduce the ultimate realisable value of the deferred tax assets in the company. At the date of signature of these accounts the Finance Bill 2010 has substantially enacted the initial reduction in the corporation tax rate to 27% as from 1 April 2011. There is no impact on the balance sheet disclosure of deferred tax as at 31 December 2009 as the change was not substantially enacted at the balance sheet date. However the future impact is to reduce the deferred tax balance by £536.

12 Creditors: amounts falling due within one year

	2009 December £000	2008 November £000
Bank overdraft	1,633	-
Trade creditors	-	559
Other tax and social security	-	2,313
Other creditors	102	740
Accruals and deferred income	1,120	4,411
Amounts owed to group undertakings	-	11
Group relief payable	64	451
	<hr/>	<hr/>
	2,919	8,485
	<hr/> <hr/>	<hr/> <hr/>

13 Accruals and deferred income

	2009 December £000	2008 November £000
<i>Capital grants</i>		
At beginning of period	42	44
Released to profit and loss account	-	(2)
	<hr/>	<hr/>
At end of period	42	42
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

14 Called up share capital

	2009 December £000	2008 November £000
<i>Authorised</i>		
Ordinary shares of £1 each	2,780	2,780
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2,780	2,780
	<hr/>	<hr/>

15 Profit and loss account

	2009 December £000	2008 November £000
At beginning of period	(1,316)	(1,617)
Profit for the period	609	301
	<hr/>	<hr/>
At end of period	(707)	(1,316)
	<hr/>	<hr/>

16 Reconciliation of movements in shareholders' funds

	2009 December £000	2008 November £000
Profit for the period	609	301
Opening shareholders' funds	1,464	1,163
	<hr/>	<hr/>
Closing shareholders' funds	2,073	1,464
	<hr/>	<hr/>

17 Contingent liabilities

UK Cash Pool Facility

The company together with certain UK group companies utilises a cash pool facility. At the period end the extent of the guarantee offered by the company on this facility amounted to £Nil.

18 Immediate parent company

The company's immediate parent company is Grampian Country Chickens (Fresh) Limited, a company registered in Scotland.

19 Ultimate holding company

The directors consider VION Holding NV, registered in Holland, to be the ultimate holding company at the balance sheet date.

The largest group in which the results of the company are consolidated is that headed by VION Holding NV. No other group accounts include the results of the company. The consolidated accounts of this company are available to the public and may be obtained from the website at www.vionfood.com.

The results for the company are included in the consolidated 31 December 2009 results of VION Holding NV.