

Halo Foods Ltd

Registered number 2411911

Annual Report

Year ended 30 June 2008

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Halo Foods Ltd

Annual Report

Year Ended 30 June 2008

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Halo Foods Ltd

Company Information

Officers And Professional Advisors

P S Simmonds MBA
R A Davies FCA MBA
R Garrett
P Cartwright
D Edwards
R Williams
N Frame

Secretary

Robert Davies FCA MBA

Solicitors

Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 1EU

Bankers

Barclays Bank plc
1 Park Row
Leeds
LS1 5WU

Registered Office

Glisten PLC
6a Harewood Yard
Harewood
Leeds
LS17 9LF

Company Number

2411911

Auditors

PKF (UK) LLP
Pannell House
6 Queen Street
Leeds
LS1 2TW

Halo Foods Ltd

Directors' Report

The directors present their annual report on the affairs of the company and the audited financial statements for the year ended 30 June 2008

1 PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND RESULTS FOR THE YEAR

The principal activity of the company is the development and manufacture of a range of specialist snack bars

Halo's headline sales performance masks a considerable mix change this year. When we acquired Halo in December 2004 it was largely a contract-manufacturing business working for big-brands but without a well developed market position of its own. As advised in previous reports, over the last 2 years we have been carefully re-shaping the customer and product mix by resigning low value sales contracts, developing defensible product-technology positions and focusing much more on product innovation.

Turnover for the year was £24,302,000 (2007: £23,015,000) and loss after taxation was £2,982,000 (2007: £2,319,000 profit).

Halo's one remaining 'big-brand' contract-manufacturing activity of significance was brought to an end in June 2008. Organic sales growth excluding this contract was a very encouraging +21% (2008: £19.2m, 2007: £15.9m).

Exchange Rate Risk

The company is not exposed to any direct foreign currency risks as the majority of its cash flows are in sterling. Transactions of an immaterial nature are settled at spot rates whereas forward currency contracts are used for transactions of a material nature. There were no outstanding forward currency contracts at 30 June 2008 (2007: nil).

The company purchases certain of its raw materials in foreign currencies but these are fixed at the time the order is placed. The exception is sugar which is subject to a fortnightly sterling/euro adjustment. This adjustment is kept under review and where it is deemed appropriate exchange rates are fixed.

Net interest payable during the year was £7,608,000 (2007: £26,000) of which £8,775,000 reflected the exchange loss incurred under a foreign currency denominated interest rate swap which reduced the interest charge in the period by £347,000. This currency swap loss was off set by other group companies and the tax capacity of Glisten plc, the ultimate parent.

Forward Contract Risk

The company takes the opportunity to secure forward supplies of some raw material commodities when prices are deemed to be favourable. These contracts are managed under policies and procedures approved and monitored by the board on a monthly basis.

Credit Risk

The company does not carry any credit risk cover on its customers. The company enforces adherence to agreed credit terms rigidly.

Liquidity and Cash Flow Risk

The company manages its liquidity and cash flow within limits agreed by the group. In addition the group has credit lines available above those agreed limits of £4m. The group has an interest rate swap which mitigates its exposure to large interest rate fluctuations.

Halo Foods Ltd

Internal Control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the company's assets, as well as reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material loss and misstatement.

The key control procedures operating within the company include but are not limited to:

- A comprehensive system of budgeting and forecasting with a detailed periodic review of actual results compared with budget and previous years
- Procedures for appraisal, review and authorisation of capital expenditure
- Treasury procedures and banking arrangements
- Financial controls and operating procedures to be adopted by operational managers
- Monitoring and assessment of business risk and performance for each operating site
- Periodic review of future supply commitments
- Regular updates on tax, insurance and health and safety matters
- Secure storage and back up of data held on computer systems

The directors have put in place an organisational structure appropriate for the size of the company with defined lines of responsibility and delegation of authority where the board considers it necessary.

The board has determined that it is not appropriate at this stage in the company's development to consider the need for an internal audit function.

Business Risks

The board established a formal process for identifying, evaluating and managing the business risks faced. Ongoing review of progress against strategic objectives agreed with the board. The business risks reviewed include:

- external business risks, including regulatory and compliance obligations
- operational risks arising from e.g. supplier dependency, fire, material damage etc.
- legal risks, e.g. risks under factory leases and under contracts with suppliers
- informational risks, including the integrity of IT systems and the security of information

2 DIVIDENDS

The company did not pay a dividend in the year (2007 £2,700,000)

3 DIRECTORS AND DIRECTORS' INTERESTS

The present membership of the Board is set out on page 3.

The directors, who served throughout the year, were P S Simmonds, R A Davies, R Garrett, P Cartwright, D Edwards, R Williams and N Frame.

Halo Foods Ltd

4 DISABLED PERSONS

The company has a policy of encouraging the employment of disabled persons wherever this is practicable and attempts to provide equal opportunities to disabled persons. The company endeavours to ensure that disabled employees benefit from training and career development programmes, in common with all members of staff. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

5 EMPLOYEE INVOLVEMENT

The Board proposes to maintain and develop the involvement of employees in the progress and operation of the company. Regular communications also take place with employee representatives.

6 SUPPLIER PAYMENT POLICY

The company's policy is to comply with the terms of payment agreed with suppliers when terms of business are established. At 30 June 2008 the company's trade creditors represented 54 days of purchases (2007 53 days).

7 ELECTIVE RESOLUTION

The company has passed an elective resolution which, while in force, does not require the holding of an Annual General Meeting, the laying of accounts before members or the annual appointment of auditors.

8 PROVISION OF INFORMATION TO AUDITORS

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board


R A Davies
Secretary

5 September 2008

Halo Foods Ltd

Statement of 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 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). The financial statements are required 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 these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable 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 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. 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.

Halo Foods Ltd

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALO FOODS LIMITED

We have audited the financial statements of Halo Foods Limited for the year ended 30 June 2008 which comprise the profit and loss account, the balance sheet and the related notes. The 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 section 235 of the Companies Act 1985. 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 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).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 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.

Halo Foods Ltd

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALO FOODS LIMITED (cont)

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 2008 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

PKF(UK) LLP

PKF (UK) LLP
Registered Auditors
Leeds, UK
5 September 2008

Halo Foods Ltd

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008

		30 June 2008	30 June 2007
	Note	£'000	£'000
Turnover - continuing activities	2	24,302	23,015
Cost of sales		(19,011)	(17,884)
Gross profit		5,291	5,131
Distribution costs		(314)	(264)
Administrative expenses - other		(1,581)	(1,478)
- exceptional	6	-	(44)
- share based payment	9	(70)	(80)
Other operating income	4	114	108
Operating profit - continuing activities		3,440	3,373
Interest receivable and similar income	5	3,342	-
Interest payable and similar charges	5	(10,950)	(26)
(Loss)/Profit on ordinary activities before taxation	6	(4,168)	3,347
Tax on profit on ordinary activities	7	1,186	(1,028)
(Loss)/Profit for the financial year		(2,982)	2,319
		=====	=====

There are no recognised gains and losses for the current financial year or the preceding financial year other than as stated in the profit and loss account

Halo Foods Ltd

BALANCE SHEET at 30 June 2008

	Note	£'000	30 June 2008 £'000	30 June 2007 £'000
FIXED ASSETS				
Tangible fixed assets	10		5,241	5,251
Investments	11		-	-
			<u>5,241</u>	<u>5,251</u>
CURRENT ASSETS				
Stocks	12	1,827	1,103	
Debtors	13	59,273	4,521	
Cash at bank and in hand		585	1,474	
		<u>61,685</u>	<u>7,098</u>	
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR				
	14	<u>(63,359)</u>	<u>(5,588)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(1,674)</u>	<u>1,510</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,567	6,761
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
	15		(2,677)	(2,708)
PROVISIONS FOR LIABILITIES				
	16		<u>(473)</u>	<u>(716)</u>
NET ASSETS			<u>417</u>	<u>3,337</u>
CAPITAL AND RESERVES				
Called up share capital	17		311	311
Share premium account	18		348	348
Foreign exchange reserve			(8)	-
Profit and loss account	18		<u>(234)</u>	<u>2,678</u>
SHAREHOLDERS' FUNDS			<u>417</u>	<u>3,337</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on
5 September 2008


R A Davies
Finance Director

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Basis of consolidation

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The company is exempt from preparing a cash flow statement under FRS 1 on the grounds it is a subsidiary company and the parent has prepared a consolidated cash flow statement.

(c) Tangible fixed assets

No depreciation has been provided on freehold land. Other assets are depreciated in annual installments by the method and at the rates set out below.

Building - Freehold	4% straight line
Plant and machinery	12.5% - 25% reducing balance
Fixtures, fittings and equipment	10% - 33% straight line
Motor vehicles	30% reducing balance

(d) Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

(e) Stocks:

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion.

(f) Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(g) Pension costs:

The company operates a defined contribution scheme. The pension cost charge represents the contributions payable by the company under the rules of the schemes.

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

(h) Leased assets

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation. Operating lease rentals are charged to profit and loss in equal annual installments over the lease term.

(i) Turnover

Turnover arises from the company's sole activity of the manufacture, distribution and sale of food products and is stated after deductions of trade discounts and value added tax. Revenue is recognised on delivery.

(j) Grants

Revenue based grants are credited to the profit and loss account over the life of the project. Capital based grants are credited to the profit and loss account over the expected life of the assets.

(k) Foreign Exchange

Transactions in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. These translation differences are included in operating profit.

(l) Share based payments

Share based payments are calculated in accordance with FRS20 adopting the Black Scholes model after the company's estimate of shares that will eventually vest. This amount is charged to administrative expenses on a straight line basis over the vesting period for all options issued after 1 July 2005.

2 ANALYSIS OF TURNOVER

Turnover is attributable to the Group's sole activity. Geographical analysis of turnover by destination is as follows:

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
United Kingdom	20,450	19,604
Other EU countries	3,852	3,411
	<u>24,302</u>	<u>23,015</u>

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Directors' remuneration		
Share based payment	22	80
Total emoluments	424	448
Pension contributions in respect of money purchase schemes	13	81
	<u>459</u>	<u>609</u>
Remuneration of the highest paid director	<u>160</u>	<u>160</u>
Pension contributions to the pension scheme of highest paid director	<u>4</u>	<u>72</u>
	No	
Number of directors who are members of money purchase schemes	<u>4</u>	<u>4</u>

Share options	At 01 07 07	Granted	Exercised	At 30 06 08
D Edwards	5,000	-	-	5,000
P Cartwright	5,000	-	-	5,000
N Frame	5,000	-	(5,000)	-
R Williams	5,000	-	-	5,000
Long Term Incentive Plan				
P Cartwright	7,500	12,831	-	20,331
D Edwards	7,500	12,831	-	20,331
N Frame	7,500	12,831	-	20,331
R Williams	7,500	12,831	-	20,331

The performance targets in respect of the share options have been met and as such the share options may be exercised any time up to August 2016

The shares issued under the Long Term Incentive Plan are exercisable on the achievement of specific performance targets in respect of the Long Term Incentive Plan for the years ended 30 June 2008, 2009 and 2010. The shares under the Long Term Incentive Plan are exercisable at 12.5p with the employee meeting the taxation liability thereby arising.

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

The average number of persons, including directors, employed by the group during the period was as follows:

	No	No
Production	241	222
Administration, distribution and sales	38	35
	<u>279</u>	<u>257</u>

The aggregate payroll costs of these persons were as follows

	£'000	£'000
Wages and salaries	4,828	4,309
Social security costs	425	381
Share based payment	22	80
Other pension costs	78	149
	<u>5,353</u>	<u>4,919</u>

The company operates an employee personal pension scheme. The total pension charge for the year amounted to £78,000 (2007 - £77,000)

4 OTHER OPERATING INCOME

	30 June 2008 £'000	30 June 2007 £'000
Grant income recognised	<u>114</u>	<u>108</u>

5 INTEREST RECEIVABLE AND PAYABLE

INTEREST RECEIVABLE AND SIMILAR INCOME

	30 June 2008 £'000	30 June 2007 £'000
Received within Group	2,972	-
Bank interest received	370	-
	<u>3,342</u>	<u>-</u>

INTEREST PAYABLE AND SIMILAR CHARGES

	30 June 2008 £'000	30 June 2007 £'000
Exchange loss	8,775	-
Paid within Group	2,163	-
Other loans	12	24
Finance lease contracts	-	2
	<u>10,950</u>	<u>26</u>

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

6 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	30 June 2008 £'000	30 June 2007 £'000
(Loss)/Profit on ordinary activities before taxation is after charging		
Depreciation - owned assets	685	737
- leased assets	59	6
Auditors' remuneration - audit fees	32	32
Auditors' remuneration - non-audit fees	6	3
Rentals under operating leases – buildings	277	276
Rentals under operating leases – other	37	26

The exceptional item in 2007 of £44,000 relates to the closure of the international office in Rotterdam

7 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	30 June 2008 £'000	30 June 2007 £'000
Taxation charge comprises		
United Kingdom corporation tax	(1,186)	1,028
Adjustment in respect of prior years	-	-
	<u>(1,186)</u>	<u>1,028</u>
Deferred taxation	-	-
Adjustment in respect of prior years	-	-
	<u>(1,186)</u>	<u>1,028</u>

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

7 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge of the current and previous year differs from the standard rate for the reasons set out in the following reconciliation

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
(Loss)/Profit on ordinary activities before tax	<u>(4,168)</u>	<u>3,347</u>
Tax on (loss)/profit on ordinary activities before tax at 30%	(1,250)	1,004
Factors affecting charge for the period		
Expenses not deductible for tax purposes	3	6
Capital allowances for the period in excess of depreciation	-	-
Utilisation of tax losses	-	-
Chargeable gains	-	-
Movement in short-term timing differences	142	(6)
Other deferred tax movements	-	-
Prior year adjustments	(81)	-
Other	-	24
	<u>(1,186)</u>	<u>1,028</u>

8 DIVIDENDS PAID

	30 June 2008 £'000	30 June 2007 £'000
Paid	<u>-</u>	<u>2,700</u>

The 'A' ordinary shareholders have waived their right to any dividends during the period since 22 December 2004

9 SHARE BASED PAYMENT

An amount of £70,000 has been charged to the profit and loss account in respect of directors and employees who have been granted shares under the Glisten plc Long Term Incentive Plan (2007 £80,000)

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

10 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Fixtures, fittings, Plant and Machinery £'000	Motor vehicles £'000	Total £'000
Cost.				
At 1 July 2007	840	11,689	22	12,551
Additions	-	536	207	743
Disposals	-	-	(22)	(22)
At 30 June 2008	840	12,225	207	13,272
Depreciation				
At 1 July 2007	390	6,898	12	7,300
Charge for the period	30	676	38	744
Disposals	-	-	(13)	(13)
At 30 June 2008	420	7,574	37	8,031
Net book value				
At 30 June 2008	420	4,651	170	5,241
At 30 June 2007	450	4,791	10	5,251

The net book value of the company's fixed assets includes £354,000 (2007 - £412,000) relating to fixtures, plant and machinery held under finance leases

11 INVESTMENTS

The subsidiary undertakings at 30 June 2008 were

Company	Country of incorporation	Nature of business	Proportion of ordinary voting shares held
The Original Welsh Pantry Company Limited	England and Wales	Dormant	100%
Holgate's Nutritional Foods Limited	England and Wales	Dormant	100%
Cabin Confectionery Limited	England and Wales	Dormant	100%
Nimbus Foods Limited	England and Wales	Manufacture of food ingredients	100%

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Notes To The Financial Statements for the Year ended 30 June 2008

12 STOCKS

	30 June 2008 £'000	30 June 2007 £'000
Raw materials and consumables	1,561	908
Finished goods and goods for resale	266	195
	<u>1,827</u>	<u>1,103</u>

13 DEBTORS

	30 June 2008 £'000	30 June 2007 £'000
Amounts falling due within one year		
Trade debtors	3,388	2,701
Amounts owed by group undertakings	54,448	1,456
Other debtors	1,133	-
Prepayments and accrued income	304	364
	<u>59,273</u>	<u>4,521</u>

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2008 £'000	30 June 2007 £'000
Bank and other loans	24	247
Finance leases	2	2
Trade creditors	2,817	2,126
Amounts owed to group undertakings	58,786	749
Taxation and social security	541	1,191
Accruals and deferred income	1,189	1,273
	<u>63,359</u>	<u>5,588</u>

15 CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 June 2008 £'000	30 June 2007 £'000
Bank and other loans	-	23
Finance leases	2	4
Loans from group and subsidiary undertakings	2,675	2,675
Deferred income	-	6
	<u>2,677</u>	<u>2,708</u>

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

15 CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

Analysis of loan repayments	30 June 2008 £'000	30 June 2007 £'000
Loans		
Within one year or on demand	24	247
Between one and two years	-	23
Between two and five years	-	-
	<u>24</u>	<u>270</u>
Obligations under finance leases		
Within one year or on demand	2	2
Between one and two years	2	4
Between two and five years	-	-
	<u>4</u>	<u>6</u>
Amounts wholly repayable after five years		
Loans from subsidiary undertakings	<u>2,675</u>	<u>2,675</u>

The directors confirm that the loans from subsidiary undertakings are not due for repayment until after more than five years

Obligations under finance leases are secured on the assets to which they relate. The company has a secured loan which is secured by a chattels mortgage on certain items of equipment. The loan is repayable over five years from June 2003 and bears interest at 1.5% above the higher of 2% and base rate.

No interest is charged on the loan from subsidiary undertakings. The date for repayment is not fixed, although the directors believe that it will be in more than five years.

16 PROVISIONS FOR LIABILITIES

	£'000 Dilapidations	£'000 Deferred tax	£'000 Total
At 1 July 2007	195	521	716
Provided in the period	-	-	-
Released in the period	-	(243)	(243)
Balance at 30 June 2008	<u>195</u>	<u>278</u>	<u>473</u>

Deferred taxation is analysed as follows

	30 June 2008 £'000	30 June 2007 £'000
Capital allowances in excess of depreciation	406	521
Other movements	(128)	-
	<u>278</u>	<u>521</u>

The dilapidations provision was set up on acquisition by Glisten plc in 2004 and is in respect of the building roofs. Its utilisation is uncertain but unlikely to be in the next year.

17 CALLED UP SHARE CAPITAL

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

	30 June 2008		30 June 2007	
	No of shares	£	No of shares	£
Authorised				
Ordinary shares of £1 each	268,000	268,000	268,000	268,000
"A" ordinary shares of £1 each	136,014	136,014	136,014	136,014
	<u>404,014</u>	<u>404,014</u>	<u>404,014</u>	<u>404,014</u>

	30 June 2008		30 June 2007	
	No of Shares	£	No of Shares	£
Allotted and fully paid				
Ordinary shares of £1 each	266,475	266,475	266,475	266,475
'A' ordinary shares of £1 each	44,576	44,576	44,576	44,576
	<u>311,051</u>	<u>311,051</u>	<u>311,051</u>	<u>311,051</u>

The 'A' shares each confer on the holders the right to receive -

- (a) a fixed cumulative preferential dividend (the Fixed Dividend) of an amount on each share equal to 9.5% of the subscription cost (£250,000),
- (b) a cumulative preferential dividend (the Participating Dividend) of a sum when added to the Fixed Dividend payable in respect of that year equal to 4.75% of the result on ordinary activities before taxation, and
- (c) a cumulative preferential dividend on each share of an amount which, when added to the Fixed Dividend and the Participating Dividend paid on each share for the financial period, shall equal the aggregate of
 - (i) any initial ordinary dividend paid in such financial year on all the ordinary shares held by or on behalf of directors, and
 - (ii) the excess remuneration of directors

The 'A' ordinary shares have priority over the ordinary shares for the full subscription price and have a right to participate in a surplus on a winding up

The holders of the 'A' ordinary shares may at any time convert the whole of their 'A' ordinary shares into a like number of ordinary shares. The conversion may be effected by notice being given to the company by the holders of 75% of the 'A' ordinary shares.

The voting rights of the 'A' ordinary shares are equal to those of the ordinary shares. During the year the holders of the 'A' ordinary shares waived their rights to dividends.

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

18 STATEMENT OF MOVEMENTS ON RESERVES

	Share Premium account £'000	Profit and loss account £'000	Total £'000
The company			
Balance at 1 July 2007	348	2,678	3,026
Loss retained for year	-	(2,982)	(2,982)
Share based payment	-	70	70
Balance as at 30 June 2008	348	(234)	114

The share based payment represents a capital contribution from the parent in respect of the company's charge under FRS 20

19 TOTAL SHAREHOLDERS' FUNDS

	30 June 2008 £'000	30 June 2007 £'000
(Loss)/Profit for the financial year	(2,982)	2,319
Share based payment	70	80
Dividends paid	-	(2,700)
Foreign exchange reserve	(8)	-
Opening shareholders' funds	3,337	3,638
Closing shareholders' funds	417	3,337

20 FINANCIAL COMMITMENTS

At 30 June 2008 the group had financial commitments of £648,000 (2007 £561,000) in respect of forward contracts for the purchase of raw materials. Capital commitments outstanding at 30 June 2008 amounted to £nil (2007 £12,000).

21 OPERATING LEASE COMMITMENTS

At 30 June 2008, the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings £'000	Motor vehicles £'000	Total £'000
Leases expiring within one year	36	15	51
Leases expiring between one and five years	25	7	32
Leases expiring after five years	198	-	198
	259	22	281

Halo Foods Ltd

Notes To The Financial Statements for the Year ended 30 June 2008

21 OPERATING LEASE COMMITMENTS (CONTINUED)

At 30 June 2007

	Land and buildings	Motor vehicles	Total
	£'000	£'000	£'000
Leases expiring within one year	12	16	28
Leases expiring between one and five years	61	16	77
Leases expiring after five years	233	-	233
	<u>306</u>	<u>32</u>	<u>338</u>

22 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Glisten plc and, in accordance with Financial Reporting Standard 8, transactions with related parties are not reported as the consolidated financial statements of the parent company are publicly available

23 ULTIMATE CONTROLLING PARTY

The ultimate parent company is Glisten plc, a company incorporated in Great Britain. Copies of the group financial statements of Glisten plc can be obtained from the registered office (6a Harewood Yard, Harewood, Leeds, LS17 9LF) or the company website (www.glisten.plc.uk)