Company Registration No. 00557743

Bakkavör Overseas Limited

Report and Financial Statements

02 January 2010

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Report and financial statements 2009

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Officers and professional advisers

Directors

A Gudmundsson
R Howes

Secretary

J Punnett	(resigned 05 August 2009)
J Jowett	(appointed 05 August 2009, resigned 31 March 2010)
S Kaushal	(appointed 31 March 2010)

Registered Office

West Marsh Road
Spalding
Lincolnshire
PE11 2BB

Bankers

Barclays Bank PLC
10 Hall Place
Spalding
Lincolnshire
PE11 1SR

Auditors

Deloitte LLP
Four Brindley Place
Birmingham, UK
B1 2HZ

Directors' report

The directors present their annual report and the audited financial statements for the 53 week period ended 02 January 2010 Comparatives are for the 52 weeks ended 27 December 2008

Principal activities

During the period the Company has effectively ceased trading The principal activity of the Company was that of export factors and operated within the Bakkavor Group The directors are satisfied with the results and achievements in the period to 02 January 2010 and believe that the financial position of the Company is sound

The profit for the period, after taxation, amounted to £159,000 (2008 loss of £67,000) Ordinary dividends of £nil (2008 £nil) were paid during the period

The statement of financial position on page 8 of the financial statements shows shareholders' funds amounting to £686,000 (2008 £527,000) Details of amounts owed to group companies are shown in note 21

The Company is financed by cash reserves and access to the group bank overdraft facility which is held by Bakkavör London Limited Bakkavör London Limited completed a renegotiation of the group's £700 million revolving credit facility on 24 March 2009 which resulted in the covenant levels being reset and agreed an amended facility amounting to £650 million to fund the group's operations The facility expires on 30 March 2012 Since the agreement was signed, and in accordance with the conditions of the agreement, there has been a reduction in the facility to £646 million Adequate finance facilities are considered to be available to the Company, however as the Company has ceased trading the Directors believe it appropriate to prepare the financial statements on a basis other than going concern

Principal risks and uncertainties

The Company is reliant on Bakkavor London Limited providing financing if required to allow the Company to meet its financial obligations Therefore the risks that Bakkavor London Limited is exposed to could indirectly impact the Company Due to the continued economic uncertainty Bakkavör London Limited are cautious about the short-term outlook for consumer confidence and the effect on sales growth and they expect the trading environment in which they operate to remain into 2010 As a consequence the Bakkavör London Limited Group continues its policy of a very selective approach to capital expenditure and acquisition investments They will continue to focus on their business priorities to mitigate inflationary costs, improve operational efficiencies, increase market share and drive cash However Bakkavör London Limited remains confident in the long-term prospects for its business and their vision remains unchanged

The Company's activities expose it to a number of financial risks as follows

Credit risk

The Company's credit risk is primarily with group companies and this risk is limited given the financial resources available to the group

Liquidity risk

The directors review the forecasts for the business at least half yearly to determine the level of finance required, if any, to allow the Company to meet its financial obligations. When the amounts required have been determined the directors ensure that adequate finance is available from cash reserves or the group bank overdraft facility to ensure that suitable liquidity levels are maintained in line with the Company's forecasts

Directors' report (continued)

Principal risks and uncertainties (continued)

Interest rate risk

The Company is financed by a group bank overdraft facility and the interest rates are floating The group enters into interest rate swaps to manage the risk of interest rate fluctuations on group borrowings

Foreign currency risk

The Company enters in to foreign currency transactions but they are unhedged

Directors

The directors who served throughout the period and to the date of this report were as follows

J Punnett (resigned 16 July 2009)
A Gudmundsson
R Howes

During 2007, the Company entered into indemnity deeds containing "qualifying third party indemnity provisions", as defined in section 234 of the Companies Act 2006, with all directors in respect of certain liabilities which may attach to them in their capacity as directors or former directors of the Company These indemnity provisions remained effective at the date on which these financial statements were signed

Auditors

Each of the persons who is a director at the date of approval of these financial statements confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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

R Howes
Director
30 April 2010

Directors' responsibility statement

The dırectors are responsıble for preparıng the Annual Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal perıod Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Internatıonal Fınancıal Reportıng Standards (IFRSs) as adopted by the European Unıon The financıal statements are requıred by law to be properly prepared ın accordance wıth IFRSs as adopted by the European Unıon and the Companıes Act 2006

Internatıonal Accountıng Standard 1 requıres that financıal statements present faırly for each financıal perıod the Company's financıal posıtıon, financıal performance and cash flows Thıs requıres the faıthful representatıon of the effects of transactıons, other events and condıtıons ın accordance wıth the definıtıons and recognıtıon crıterıa for assets, lıabılıtıes, ıncome and expenses set out ın the Internatıonal Accountıng Standards Board's 'Framework for the preparatıon and presentatıon of financıal statements' In vırtually all cırcumstances, a faır presentatıon wıll be achıeved by complıance wıth all applıcable IFRSs However, dırectors are also requıred to

- properly select and apply accountıng polıcıes,
- present ınformatıon, ıncludıng accountıng polıcıes, ın a manner that provıdes relevant, relıable, comparable and understandable ınformatıon,
- provıde addıtıonal dısclosures when complıance wıth the specıfic requırements ın IFRSs are ınsufficıent to enable users to understand the ımpact of partıcular transactıons, other events and condıtıons on the entıty's financıal posıtıon and financıal performance, and
- make an assessment of the Company's abılıty to contınue as a goıng concern

The dırectors are responsıble for keepıng proper accountıng records that dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the Company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the Company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Independent auditors' report to the members of Bakkavör Overseas Limited

We have audited the financial statements of Bakkavör Overseas Limited for the 53 weeks ended 02 January 2010 which comprise the income statement, the statement of changes in equity, the statement of financial position, statement of cash flows, and the related notes 1 to 22 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 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 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

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 02 January 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 2 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB)

In our opinion the financial statements comply with IFRSs as issued by the IASB

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Bakkavör Overseas Limited (Continued)

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

Jane Lodge

Jane Lodge BSc FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Birmingham, UK

30 April 2010

Bakkavör Overseas Limited

Income statement
53 weeks ended 02 January 2010

Continuing activities	Note	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Revenue	4	1,086	4,618
Cost of sales		(899)	(4,162)
Gross profit		187	456
Other administrative expenses		27	(434)
Exceptional redundancy costs	5	-	(116)
Administrative expenses		27	(550)
Operating profit/(loss) and profit/(loss) before taxation		214	(94)
Tax	8	(55)	27
Net profit/(loss) attributable to equity holders		159	(67)

The accompanying notes are an integral part of this income statement

The company has no recognised gains and losses other than the loss above and therefore no separate Statement of comprehensive income is presented

Statement of changes in equity

	Share Capital £'000	Retained earnings £'000	Total equity £'000
Balance at 29 December 2007	50	544	594
Loss for the period	-	(67)	(67)
Balance at 27 December 2008	50	477	527
Profit for the period	-	159	159
Balance at 02 January 2010	50	636	686

Bakkavör Overseas Limited

Statement of financial position
02 January 2010

	Note	02 January 2010 £'000	27 December 2008 £'000
Non-current assets			
Property, plant and equipment	9	-	2
		-	2
Current assets			
Trade and other receivables	10	2,694	2,888
Deferred tax asset		6	1
Cash and cash equivalents	12	-	476
		2,700	3,365
Total assets		2,700	3,367
Current liabilities			
Trade and other payables	14	(1,667)	(2,687)
Bank overdrafts	13	(347)	(153)
		(2,014)	(2,840)
Net current assets		686	525
Net assets		686	527
Equity			
Share capital	16	50	50
Retained earnings		636	477
Total equity		686	527

The financial statements of Bakkavör Overseas Limited, company number 00557743, were approved by the board of directors and authorised for issue on 30 April 2010 They were signed on its behalf by

R Howes

Director

Bakkavör Overseas Limited

Statement of cash flows
53 weeks ended 02 January 2010

	Note	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Net cash used ın operatıng actıvıtıes	17	(670)	(1,980)
Net decrease in cash and cash equıvalents		(670)	(1,980)
Cash and cash equivalents at beginnıng of perıod		323	2,303
Cash and cash equivalents at end of period		(347)	323
Cash and cash equıvalents at the end of the perıod comprıses			
Cash and cash equıvılents		-	476
Bank overdrafts		(347)	(153)
		(347)	323

Bakkavör Overseas Limited

Notes to the accounts
53 weeks ended 02 January 2010

1. General information

Bakkavör Overseas Limited is a Company incorporated in the United Kingdom under the Companies Act 2006 The address of the registered office is given on page 1 The Company ceased tradingduring the period The principal activity of the Company was that of export factors and operated within the Bakkavör Group

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates

In the current year, the Company has adopted the following interpretations with no material impact on the financial statements of the Company

IFRIC 9	*Reassessment of Embedded Derivatives*
IFRIC 12	*Service concession arrangements*
IFRIC 13	*Customer loyalty programmes*
IFRIC 14	*IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IFRIC 16	*Hedges of a net investment in a foreign operation*

In the current year, the Company has adopted the following standards and interpretations in advance of their effective date of annual reporting periods beginning on or after 1 January 2009 The impact of the adoption of IAS 1 (revised) has been to modify the format of the primary statements in the accounts in accordance with the revised standard IFRS 8 is not applicable to the Company Adoption of the other standards and interpretations has had no material impact on the financial statements

IFRS 2 (Revised)	*Share-based payment*
IAS 16 (Revised)	*Property, plant and equipment*
IAS 19 (Revised)	*Employee benefits*
IAS 20 (Revised)	*Accounting for Government grants and disclosure of Government assistance*
IAS 23 (Revised)	*Borrowing costs*
IAS 27 (Revised)	*Consolidated and separate financial statements*
IAS 28 (Revised)	*Investments in associates*
IAS 31 (Revised)	*Interests in joint ventures*
IAS 32 (Revised)	*Financial instruments Presentation*
IAS 36 (Revised)	*Impairment of assets*
IAS 38 (Revised)	*Intangible assets*
IAS 39 (Revised)	*Financial instruments Recognition and Measurement*
IAS 40 (Revised)	*Investment property*
IAS 41 (Revised)	*Agriculture*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 19	*Extinguishing finance liabilities with equity instruments*

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the EU)

IFRS 1 (Revised)	*First time adoption of International Financial Reporting Standards*
IFRS 2 (Revised)	*Share-based payment*
IFRS 3 (Revised)	*Business combinations*
IFRS 5 (Revised)	*Non-current assets held for sale and discontinued operations*
IFRS 7 (Revised)	*Financial Instruments Disclosures*
IFRS 9	*Financial Instruments*
IAS 7 (Revised)	*Statement of cash flows*
IAS 17 (Revised)	*Leases*
IAS 18 (Revised)	*Revenue*
IAS 24 (Revised)	*Related Party Disclosures*

Bakkavör Overseas Limited

Notes to the accounts
53 weeks ended 02 January 2010

1. **General information (continued)**

IAS 32 (Revised)	*Classification of Rights Issues*
IAS 36 (Revised)	*Impairment of Assets*
IAS 38 (Revised)	*Intangible assets*
IAS 39 (Revised)	*Financial instruments measurement and recognition*
IFRIC 17	*Distributions of non-cash assets to owners*
IFRIC 18	*Transfers of assets from customers*

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company

2. **Significant accounting policies**

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation

The Company is financed by cash reserves and access to the group bank overdraft facility which is held by Bakkavör London Limited Bakkavör London Limited completed a renegotiation of the group's £700 million revolving credit facility on 24 March 2009 and agreed an amended facility amounting to £650 million to fund the group's operations Adequate finance facilities are considered to be available to the Company As the Company has ceased trading the Directors believe it appropriate to prepare the financial statements on a basis other than going concern

As the Company is not a going concern, where appropriate, the company's assets have been written down to net realisable value and that provision has been made for any onerous contractual commitments

The principal accounting policies adopted are set out below

Accounting convention

The financial statements are prepared under the historical cost convention

Operating profit

Operating profit is stated after charging exceptional costs but before investment income and finance costs

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods,
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow into the entity,
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Notes to the accounts
53 weeks ended 02 January 2010

2. Significant accounting policies (continued)

Revenue recognition (continued)

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimate future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably)

Property, plant and equipment

All property, plant and equipment is recorded at cost less accumulated depreciation and any recognised provision for impairment

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Plant and equipment	-	5% to 33% per annum straight line

Most plant and equipment is written off over 12 years (8 33%)

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the period Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

Bakkavör Overseas Limited

Notes to the accounts
53 weeks ended 02 January 2010

2. Significant accounting policies (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis

Leasing transactions

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme

The Company participates in the Bakkavor Pension Scheme This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the Group The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme

Impairment of tangible assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Notes to the accounts
53 weeks ended 02 January 2010

2. Significant accounting policies (continued)

Impairment of tangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired The allowance recognised is measured as the difference between the asset's carrying amount and the estimated future cash flows

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities

Bank borrowings

Interest-bearing bank overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

2. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity

Present obligations arising from onerous contacts are recognised and measured as provisions An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it

Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency) For the purpose of the financial statements, the results and financial position of the Company are expressed in pounds sterling, which is the functional currency of the Company

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

3. Accounting estimates and judgements

Critical accounting judgements and key sources of estimation uncertainty in applying the Company's accounting policies

The preparation of the financial statements in conformity with adopted IFRS requires directors to make estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period then ended The directors base their estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances Actual results may differ from those estimates

Estimates are used in the accounting for allowances for uncollectible receivables, depreciation, impairment, taxes and contingencies Estimates and assumptions are reviewed periodically and effects of revisions are reflected in the financial statements in the period that an adjustment is determined to be required

A key judgement in the preparation of the financial statements is the appropriateness of using the going concern basis in preparing them The directors have considered the availability of future cash to this business from Bakkavör London Limited if required and concluded that this will be available to allow the Company to meet its financial liabilities as they fall due Therefore the directors believe it appropriate to prepare the financial statements on a going concern basis

In the process of applying the Company's accounting policies, which are described in note 2, the directors have reviewed the progress of revenue generating contracts to determine the level of revenue to be recognised in the financial statements This is a subjective assessment which has a significant effect on the amounts recognised in the financial statements

4. Revenue

Turnover, which excludes value added tax, represents the net invoiced value of services relating to the principal activity of the Company, provided to its worldwide customers

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Sale of services	149	3,750
Sales under contracts	937	868
	1,086	4,618

5. Operating profit/(loss) for the period

Operating profit/(loss) for the period is stated after charging

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Depreciation of owned property, plant and equipment	2	3
Exceptional costs	-	116
Exchange (gain)	-	(194)
Staff costs (see note 6)	-	173

The exceptional costs are in respect of redundancy costs

The analysis of auditors' remuneration is as follows

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	9	9

6. Staff costs

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Wages and salaries	-	146
Social security costs	-	13
Other pension costs	-	14
	-	173

6. **Staff costs (continued)**

The monthly average number of employees durng the penod was as follows

	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008
Admınıstratıve staff	-	5

7. **Dırectors emoluments**

The Dırectors receıved no emoluments for theır servıces to the Company

8. **Tax**

The charge/(credıt) for the penod can be reconcıled to the profit per the ıncome statement as follows

	53 weeks ended 02 January 2010		52 weeks ended 27 December 2008	
	£'000	%	£'000	%
Profit/(loss) before tax	214	100	(94)	100
Tax at the UK corporatıon tax rate of 28% (2008 28 5%)	60	28	(27)	28 5
Pnor year adjustment – deferred tax	(5)	(2)	-	-
Tax charge/(credit) and effectıve tax rate for the penod	55	26	(27)	28 5

Wıth effect from 1 Apnl 2008 the full rate of corporatıon tax decreased from 30% to 28% hence the comparatıve rate of tax ıs a blended rate of 28 5%

Bakkavör Overseas Limited

Notes to the accounts
53 weeks ended 02 January 2010

9. Property, plant and equipment

	Fixtures and equipment £'000
Cost	
At 29 December 2007, 27 December 2008 and 02 January 2010	25
Accumulated depreciation and impairment	
At 29 December 2007	(20)
Charge for the period	(3)
At 27 December 2008	(23)
Charge for the period	(2)
At 02 January 2010	(25)
Carrying amount	
At 02 January 2010	-
At 27 December 2008	2

10. Trade and other receivables

	02 January 2010 £'000	27 December 2008 £'000
Amounts receivable from trade customers	292	91
Amounts receivable from related parties	2,400	2,120
Other receivables	-	1
Prepayments and accrued income	2	676
	2,694	2,888

Notes to the accounts
53 weeks ended 02 January 2010

11. Trade and other receivables (continued)

Trade receivables by currency are as follows

	02 January 2010 £'000	27 December 2008 £'000
GBP	-	1
USD	-	33
Euro	292	57
	292	91

The average credit period taken on sales is 114 days (2008 38 days) Receivables past due amounted to £nil at 02 January 2010 (2008 £57,000) but are considered to be recoverable No interest is charged on the receivables An allowance has been made for estimated irrecoverable amounts from sales of £nil (2008 £nil) This allowance has been determined by reference to past default experience

No receivable balances are considered to be impaired The directors consider that the carrying amount of trade and other receivables approximates their fair value

12. Cash and cash equivalents

	02 January 2010 £'000	27 December 2008 £'000
Cash and cash equivalents	-	476

Cash and cash equivalents are all denominated in GBP

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates their fair value

13. Bank overdrafts

	02 January 2010 £'000	27 December 2008 £'000
Bank overdrafts	347	153

The bank overdraft is repayable on demand and is denominated as follows

	02 January 2010 £'000	27 December 2008 £'000
GBP	193	-
USD	23	97
Euro	131	56
	347	153

There is no interest rate risk as no interest is payable on this overdraft by the Company as it forms part of the group pooling arrangement The pooling arrangement operates for each currency and allows cash and overdraft balances for the relevant group companies to be offset in order to calculate the interest charge The directors of the Company consider the carrying value of the overdraft to be equivalent to fair value All amounts are due within one year

	2009 %	2008 %
The weighted average interest rates paid by the Group were as follows		
Bank overdrafts	5 60	5 69

Notes to the accounts
53 weeks ended 02 January 2010

14. Trade and other payables

	02 January 2010 £'000	27 December 2008 £'000
Trade payables	16	60
Amounts owed to group undertakıngs	1,542	1,592
Other payables	-	627
Accruals and deferred ıncome	109	408
	1,667	2,687

Trade payables by currency are as follows

	02 January 2010 £'000	27 December 2008 £'000
GBP	16	42
USD	-	2
Euro	-	16
	16	60

Trade payables and accruals prıncıpally comprıse amounts outstandıng for trade purchases and ongoıng costs and are denomınated ın sterlıng The average credıt perıod taken for trade purchases ıs 7 days (2008 5 days)

The dırectors consıder that the carryıng amount of trade payables approxımates to theır faır value

15. Financıal rısks

Credıt rısk

The Company's prıncıpal financıal assets are bank balances and cash, trade and other receıvables

The Company's credıt rısk ıs prımarıly attrıbutable to ıts trade receıvables The amounts presented ın the statement of financıal posıtıon are net of allowances for doubtful receıvables An allowance for ımpaırment ıs made where there ıs an ıdentıfied loss event whıch, based on prevıous experıence, ıs evidence of a reductıon ın the recoverabılıty of the cash flows

The credıt rısk on lıquıd funds ıs lımıted because the counterpartıes are banks wıth hıgh credıt-ratıngs assıgned by ınternatıonal credıt-ratıng agencıes

Bakkavör Overseas Limited

Notes to the accounts
53 weeks ended 02 January 2010

15. Financial risks (continued)

Liquidity risk

The Company manages its liquidity risk by preparing annual forecasts for the business which are reviewed at least half yearly to determine the level of finance required, if any, to allow the Company to meet its financial obligations When the amounts required have been determined the directors ensure that adequate finance is available from cash reserves or the Group bank overdraft facility to ensure that suitable liquidity levels are maintained in line with the Company's forecasts

Foreign currency risk

The Company is exposed to foreign currency risk on its US dollar and Euro transactions

During the 53 week period to 02 January 2010 the US dollar weakened against sterling by 9 80%, with the closing rate at $1 6149 The average rate for the period to 02 January 2010 was $1 5663 During the 53 week period to 02 January 2010 the Euro weakened against sterling by 7 55%, with the closing rate at €1 1255 The average rate for the period to 02 January 2010 was €1 2533

Foreign currency sensitivity analysis

A sensitivity analysis has been performed on the financial assets and liabilities to a sensitivity of 10% increase/decrease in the exchange rates A 10% increase/decrease has been used, and represents management's assessment of the reasonably possible change in foreign exchange rates The sensitivity analysis includes only outstanding foreign currency denominated net monetary assets and liabilities and adjusts their translation at the period end for a 10% change in foreign currency rates A positive/(negative) number below indicates a increase/(decrease) in profit where the relevant currency weakens 10% against sterling For a 10% strengthening of the relevant currency against sterling, there would be an equal and opposite impact on the profit and other equity, and the balances below would reverse

	10% weakening	
	02 January 2010 £'000	**27 December 2008 £'000**
USD	12	6
Euro	(23)	1

16. Share capital

Authorised	02 January 2010 £'000	27 December 2008 £'000
50,000 Ordinary shares of £1 each	50	50

Allotted, called-up and fully paid	02 January 2010 No	02 January 2010 £'000	27 December 2008 No	27 December 2008 £'000
Ordinary shares of £1 each	50,000	50	50,000	50

The Company only has one type of share capital

17. Notes to the cash flow statement

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Operating profit/(loss) for the period	214	(94)
Adjustments for		
Depreciation of property, plant and equipment	2	3
Operating cash flows before movements in working capital	216	(91)
Decrease in inventories	-	110
Decrease/(increase) in receivables	169	(2,474)
(Decrease)/increase in payables	(1,081)	663
Cash used by operations	(696)	(1,792)
Income taxes received/(paid)	26	(188)
Net cash from operating activities	(670)	(1,980)

18. Operating lease arrangements

	53 weeks ended 02 January 2010 £'000	52 weeks ended 27 December 2008 £'000
Minimum lease payments under operating leases recognised as an expense in the period	-	1

At the statement of financial position date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	02 January 2010 £'000	27 December 2008 £'000
Within one year	-	1
In the second to fifth years inclusive	-	-
	-	1

Operating lease payments represent rentals payable by the Company for a photocopier Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years

19. Contingent liabilities

There were no legal claims or potential claims against the Company at the period ended 02 January 2010

20. Events after the statement of financial position date

There have been no material post statement of financial position events which would require disclosures or adjustment to the 02 January 2010 Financial Statements

21. Related party transactions

Transactions

During the period, the company entered into the following transactions with related parties

	Sale of services		Amounts owed by related parties		Amounts owed to related parties	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Bakkavor London Limited	-	-	-	-	60	26
Other group companies	149	3,750	2,400	2,120	1,482	1,566

Bakkavör Limited is a related party of the Company because it is part of Bakkavör Group hf All transactions during the period represent funding payments and recharges

The amounts outstanding include group relief and are unsecured and will be settled in cash No guarantees have been given or claimed No provisions have been made for doubtful debts in respect of the amounts owed by related parties

Remuneration of key management personnel

The remuneration of the directors and senior management, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures* Further information about the remuneration of directors of the Company is provided in note 7 to the financial statements

	02 January 2010 £'000	**27 December 2008 £'000**
Short-term employee benefits	-	76
Redundancy payments	-	78
	-	154

22. Controlling party

The Company's ultimate parent company and ultimate controlling party is Bakkavör Group hf, a company registered in Iceland The smallest group in which the results of the Company are consolidated is that headed by Bakkavör London Limited The largest group in which the results of the Company are consolidated is that headed by Bakkavör Group hf It has included the Company in its Group financial statements, copies of which are available from Armuli 3, 108 Reykjavik, Iceland The directors consider Bakkavör Limited to be the immediate parent company