

Esca Food Solutions Limited

Annual Report

For the 52 weeks ended 2 January 2010

Registered Number 1372104



Esca Food Solutions Limited**Annual Report****For the 52 weeks ended 2 January 2010**

CONTENTS	PAGE
Directors and advisors	2
Directors' report	3-5
Independent auditors' report	6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10-19

Esca Food Solutions Limited**Directors and advisors****The Board of Directors**

M H Back
P J Marsden (appointed 27 May 2009)
D G McDonald
W J Weimer
M E Winkler (resigned 6 October 2009)

Company Secretary

M H Back

Registered Office

Lunenburg Way
Skippingdale
Scunthorpe
North Lincolnshire
DN15 8LP

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Abacus House
Castle Park
Cambridge
CB3 0AN

Bankers

Bank of America, N A
2 King Edward Street
London
EC1A 1HQ

Esca Food Solutions Limited

Directors' report for the 52 weeks ended 2 January 2010

The directors present their annual report and the audited financial statements of the company for the 52 weeks ended 2 January 2010

Review of business and principal activity

The principal activity of the company has continued to be the manufacture and sale of meat products. During 2009, the company recorded a pre tax profit of £2,387,000 (2008 £2,310,000) on sales of £120,635,000 (2008 £108,217,000). An interim dividend of £2,600,000 (2008 £1,600,000) was paid and the loss after taxation and dividends was £921,000 (2008 profit £25,000). The Directors do not recommend the payment of a final dividend (2008 £nil).

Raw material costs rose significantly in 2009 compared with the previous year. The impact of this was passed on in higher sales prices. It is anticipated that volumes sold in 2010 will be in line with 2009. Having consolidated all volumes into the one remaining plant at Scunthorpe, the Milton Keynes property was put up for sale. It was finally sold in May 2009 for £1,450,000 (Net Book Value £1,500,000).

Key Performance Indicators ("KPI's") and Principal Risks and Uncertainties

The Company's management evaluates performance on an on-going basis paying attention to a large number of performance criteria. Included within this review are a number of KPI's which are closely monitored, including sales, meat costs and conversion costs.

This enables effective decision making to be carried out both at company level and at European group level and ensures that regular reports are supplied to the ultimate holding company. Performance comparisons with fellow group members in Europe, which are engaged in a similar market, are a clearer indication of the overall efficiency of the company.

Further discussion of the key performance indicators and the Company's principal risks and uncertainties, in the context of the group as a whole, including the Company, is provided on pages 2 and 3 of the Gands (U K) annual report, which does not form part of this report.

Financial risk management

The company's operations expose it to a variety of financial risks that include foreign exchange currency rate risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Liquidity risk

The company retains sufficient cash to ensure it has sufficient available funds for operations.

Esca Food Solutions Limited

Directors' report for the 52 weeks ended 2 January 2010 (*continued*)

Financial risk management (*continued*)

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Fixed interest bearing liabilities include finance leases from third parties. There are also variable interest rate loans from the parent undertaking. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Foreign exchange currency rate risk

The company has a policy to minimise foreign exchange currency rate risk through the regular monitoring of foreign currency flows and putting in place, where appropriate, forward currency exchange rate contracts.

The directors will revisit the appropriateness of the above policies should the company's operations change in size or nature.

Charitable donations

Donations to the Ronald McDonald House Charity during the period amounted to £13,000 (2008 £13,000).

Directors

The directors who served during the year, and up to the date of signing the financial statements, are set out on page 2.

Statement of directors' responsibilities

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 year. Under that law the directors have prepared 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, and
- 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.

Esca Food Solutions Limited**Directors' report for the 52 weeks ended 2 January 2010 (continued)****Employee involvement**

The company maintains its commitment to involving its employees in the company's activities. This is achieved by monthly staff briefings covering the company's financial and commercial performance. To encourage employee involvement a focused training programme is in place underpinned by the company's participation in the Investors In People Scheme.

Employment of disabled persons

The company is committed to the concept of equal employment opportunities for all and fair consideration is given to disabled persons, whether registered or not, for all job vacancies for which they are suitable applicants. Where possible, employees who become disabled in the company's employment will be offered alternative employment and appropriate retraining.

Market value of land and buildings

In the opinion of the directors there was no significant difference between market and book values of freehold land and buildings at 2 January 2010.

Disclosure of information to auditors

Each director who is a director at the date of approval of this report confirms that

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

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

By order of the Board

M H Back
Company Secretary
22 September 2010

Esca Food Solutions Limited

Independent auditors' report to the members of Esca Food Solutions Limited

We have audited the financial statements of Esca Food Solutions Limited for the 52 weeks ended 2 January 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 2 January 2010 and of its profit for the 52 weeks 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.

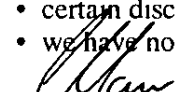
Opinion on other matter prescribed by the Companies Act 2006

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.

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.


Christopher Maw (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
27 September 2010

Esca Food Solutions Limited

Profit and loss account

For the 52 weeks ended 2 January 2010

	Note	52 weeks to 2 January 2010 £'000	53 weeks to 3 January 2009 £'000
Turnover	2	120,635	108,217
Cost of sales		(114,699)	(101,421)
Gross profit		5,936	6,796
Distribution costs		(1,141)	(1,126)
Administrative expenses		(2,351)	(3,061)
Operating profit		2,444	2,609
Interest receivable and similar income	6	31	6
Interest payable and similar charges	7	(88)	(305)
Profit on ordinary activities before taxation	3	2,387	2,310
Tax on profit on ordinary activities	8	(708)	(685)
Profit on ordinary activities after taxation	18, 19	1,679	1,625

All amounts above relate to continuing operations

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the financial periods stated above and their historical cost equivalents

The notes on pages 10 to 19 form part of these financial statements

Esca Food Solutions Limited**Statement of total recognised gains and losses****For the 52 weeks ended 2 January 2010**

	Note	52 weeks to 2 January 2010 £'000	53 weeks to 3 January 2009 £'000
Profit on ordinary activities after taxation		1,679	1,625
Impairment of revalued tangible fixed assets	19	-	(960)
Total recognised gains relating to the period		1,679	665

Esca Food Solutions Limited

Balance Sheet as at 2 January 2010

Registered Number: 1372104

		2 January 2010	3 January 2009
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	10	<u>6,162</u>	7,623
CURRENT ASSETS			
Stocks	11	2,466	3,310
Debtors	12	4,366	8,786
Cash at bank and in hand		<u>1,601</u>	<u>177</u>
		8,433	12,273
CREDITORS: amounts falling due within one year	13	<u>(10,170)</u>	<u>(14,564)</u>
NET CURRENT LIABILITIES		<u>(1,737)</u>	<u>(2,291)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,425	5,332
CREDITORS: amounts falling due after more than one year	14	(1,238)	(1,258)
Provisions for liabilities and charges	16	(132)	(98)
NET ASSETS		<u>3,055</u>	<u>3,976</u>
CAPITAL AND RESERVES			
Called up share capital	17	51	51
Revaluation reserve	18	92	344
Profit and loss account	18	2,912	3,581
TOTAL SHAREHOLDERS' FUNDS	19	<u>3,055</u>	<u>3,976</u>

The financial statements on pages 7 to 19 were approved by the board of directors on 27 September 2010 and were signed on its behalf by



M H Back
Director

Esca Food Solutions Limited

Notes to the financial statements for the 52 weeks ended 2 January 2010

1. Principal accounting policies

The financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the board of directors in accordance with Financial Reporting Standard (“FRS”) 18, “Accounting Policies”, and have been applied consistently, is set out below.

Basis of accounting

These financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets.

Cash flow statement

The company has taken advantage of the exemption available under FRS 1 (revised), “Cash flow statements” not to prepare a cash flow statement on the basis that the cash flows of the company are included within the consolidated financial statements of its intermediate parent company, Gands (U K), whose financial statements are publicly available.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write down the cost or valuation of tangible fixed assets to their estimated residual values on a straight-line basis over the period of their expected useful economic lives, as follows:

Freehold land	Nil
Freehold buildings	Over 33 years
Additions to freehold buildings	Over the remaining depreciation period of the main building
Plant and machinery	Over 5 to 8 years
Assets held under finance leases or hire purchase agreements	Over the period of the lease or hire purchase agreement or useful life, whichever is shorter

Valuation of tangible fixed assets

The directors have taken advantage of the option within the transitional provisions of FRS 15, “Tangible Fixed Assets”, to retain the book values of certain tangible fixed assets at their previously revalued amounts. No further revaluations will be undertaken. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Raw meat and packaging	Purchase cost on a first-in, first-out basis
Engineering spare parts	Purchase cost on an average basis
Finished products	Cost of direct materials and labour, plus attributable overheads, based on a weekly level of activity

Esca Food Solutions Limited

1. Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Grants

The Government grants received are written off to the profit and loss account over the same period as the assets to which they relate.

Capitalisation of finance costs

Finance costs incurred in the construction of freehold buildings were capitalised and are being written off over the expected useful economic life of the building. All other finance costs, not incurred in the construction of fixed assets, are written off to the profit and loss account in the year in which they are incurred.

Leased assets

Tangible fixed assets acquired under finance leases and hire purchase agreements are depreciated over the period of the lease. The related obligations, net of finance charges, are included in creditors. The finance charges are charged to the profit and loss account over the primary period of the lease in proportion to the capital element outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pensions

During the period, the company contributed to a money purchase pension scheme, the Esca Food Solutions Limited Group Personal Pension Plan. Contributions payable for the period are charged to the profit and loss account.

Foreign currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the rate of exchange prevailing at the balance sheet date. All exchange differences arising are taken to the profit and loss account.

Turnover

Turnover, which is stated net of value added tax, represents the amount derived from the provision of goods and services which fall within the company's ordinary activities. Turnover is recognised when the rights and rewards of ownership of the goods have transferred to the customer.

Esca Food Solutions Limited

2. Turnover

There is only one class of business which is the manufacture and sale of meat products

An analysis of turnover by destination is given below

	52 weeks to 2 January 2010	53 weeks to 3 January 2009
	£'000	£'000
United Kingdom	113,911	102,333
Rest of EU	6,724	5,884
	120,635	108,217

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging / (crediting)

	52 weeks to 2 January 2010	53 weeks to 3 January 2009
	£'000	£'000
Depreciation of tangible fixed assets		
- owned assets	865	1,095
- leased and hire purchase assets	39	50
Loss/(profit) on disposal of tangible fixed assets	50	(12)
Release of deferred income (grants)	(20)	(22)
Auditors' remuneration		
- audit services	25	27
- audit of associated companies	1	1
- taxation services	21	14
Operating lease costs		
- Plant and equipment	72	91
- Other	96	62

4. Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company

Esca Food Solutions Limited

5. Employee information

The average monthly number of persons employed by the company during the period, including executive directors, is analysed below

	52 weeks to 2 January 2010	53 weeks to 3 January 2009
By activity:	Number	Number
Administration	22	22
Manufacturing	138	154
	<u>160</u>	<u>176</u>

Staff costs (for the above persons)

	52 weeks to 2 January 2010	53 weeks to 3 January 2009
	£'000	£'000
Wages and salaries	3,498	3,700
Social security costs	346	345
Other pension costs (see note 22)	88	86
	<u>3,932</u>	<u>4,131</u>

6. Interest receivable and similar income

	52 weeks to 2 January 2010	53 weeks to 3 January 2009
	£'000	£'000
Bank interest receivable	31	6

7. Interest payable and similar charges

	52 weeks to 2 January 2010	53 weeks to 3 January 2009
	£'000	£'000
Interest payable on bank loans and overdrafts	37	173
Interest payable on finance leases and hire purchase contracts	2	5
Interest payable on loan from group company	38	92
Loss on foreign exchange	11	35
	<u>88</u>	<u>305</u>

Esca Food Solutions Limited

8. Tax on profit on ordinary activities

Analysis of tax charge in the period

	52 weeks to 2 January 2010 £'000	53 weeks to 3 January 2009 £'000
Current tax:		
UK corporation tax and group relief on profits of the period	674	692
Adjustments in respect of previous periods	-	40
Total current tax	674	732
Deferred tax:		
Origination and reversal of timing differences	34	(29)
Adjustments in respect of previous periods	-	(18)
Total deferred tax (note 16)	34	(47)
Tax on profit on ordinary activities	708	685

Factors affecting the tax charge in the period

The tax charge for the period is higher (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	52 weeks to 2 January 2010 £'000	53 weeks to 3 January 2009 £'000
Profit on ordinary activities before taxation	2,387	2,310
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.5%)	668	659
Effects of		
Expenses not deductible for tax purposes	12	10
Income not taxable	(6)	(6)
Differences between capital allowances and depreciation	-	29
Adjustments in respect of previous periods	-	40
Current tax charge for the period	674	732

9 Dividends

	52 weeks to 2 January 2010 £'000	53 weeks to 3 January 2009 £'000
Interim paid £51,485 (2008 £31,683) per £1 ordinary share	2,600	1,600

Esca Food Solutions Limited

10. Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Total
	£'000	£'000	£'000
Cost or valuation			
At 4 January 2009	11,506	8,925	20,431
Additions	146	804	950
Disposals	(5,632)	(31)	(5,663)
At 2 January 2010	6,020	9,698	15,718
Depreciation			
At 4 January 2009	7,314	5,494	12,808
Charge for the year	170	734	904
Eliminated in respect of disposals	(4,134)	(22)	(4,156)
At 2 January 2010	3,350	6,206	9,556
Net Book Value			
At 2 January 2010	2,670	3,492	6,162
At 3 January 2009	4,192	3,431	7,623

Hire purchase and finance lease agreements

Included within the net book value is £nil (2008 £39,000) relating to plant and machinery held under hire purchase agreements and finance lease agreements.

Capitalised interest

Included in tangible fixed assets is capitalised interest at an original cost of £335,945. Depreciation relating to capitalised interest amounted to £10,180 (2008 £10,180).

Valuation

The land and buildings were valued by Edmond Shipway, Chartered Quantity Surveyors, on 28 March 1990, on a replacement cost basis, at £5,405,000. The cost of the land and buildings at 2 January 2010 was £5,753,000 (2008 £9,210,000) and their net book value, based on historic cost, was £2,578,000 (2008 £2,889,000).

Security

The freehold premises are subject to a legal charge in order to secure borrowings made by the group, as detailed in note 21.

Esca Food Solutions Limited

11. Stocks

	2 January 2010 £'000	3 January 2009 £'000
Raw meat	298	520
Packaging and engineering spares	615	481
Finished goods	1,553	2,309
	<u>2,466</u>	<u>3,310</u>

The replacement value of stock is not materially different from the book value

12. Debtors

	2 January 2010 £'000	3 January 2009 £'000
Amounts falling due within one year:		
Trade debtors	4,039	8,142
Amounts owed by group undertakings	110	321
Prepayments and accrued income	104	212
Other debtors	113	111
	<u>4,366</u>	<u>8,786</u>

13. Creditors: amounts falling due within one year

	2 January 2010 £'000	3 January 2009 £'000
Hire purchase and finance lease obligations	-	51
Trade creditors	9,417	13,665
Amounts owed to group undertakings	48	256
Corporation tax and group relief	456	358
Other taxes and social security costs	89	91
Accruals	140	123
Deferred income – grant	20	20
	<u>10,170</u>	<u>14,564</u>

14. Creditors: amounts falling due after more than one year

	2 January 2010 £'000	3 January 2009 £'000
Amounts owed to group undertakings	1,000	1,000
Deferred income – grant	238	258
	<u>1,238</u>	<u>1,258</u>

Amounts owed to group undertakings represent a loan from the UK parent company Gands (U K) repayable on 1 January 2011, which bears interest at variable rates based on LIBOR

Esca Food Solutions Limited

15. Maturity of long-term creditors

Future obligations under hire purchase and finance lease contracts are as follows

	2 January 2010 £'000	3 January 2009 £'000
Amounts payable within one year	-	51
	<u>-</u>	<u>51</u>

The maturity of these amounts is as follows:

	2 January 2010 £'000	3 January 2009 £'000
Amounts payable within one year	-	53
	-	53
Less finance charges allocated to future periods	-	(2)
	<u>-</u>	<u>51</u>

Deferred income - grant

	2 January 2010 £'000	3 January 2009 £'000
To be released within one year	20	20
To be released within two to five years	80	80
To be released in over five years	158	178
	<u>258</u>	<u>278</u>

16. Provisions for liabilities and charges

Deferred tax:

	2 January 2010 Provided £'000	3 January 2009 Provided £'000
Excess of capital allowances over depreciation	132	98
	<u>132</u>	<u>98</u>
	£'000	
At 4 January 2009	98	
Charged to the profit and loss account (note 8)	34	
At 2 January 2010	<u>132</u>	

There is no unprovided deferred tax (2008 £nil)

A number of changes to the UK corporation tax system were announced in the June 2010 Budget statement. The Finance (No 2) Act 2010 includes legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of these changes to be enacted in the Finance (No 2) Act 2010 would not have a material impact on the company's deferred tax position at 2 January 2010.

Esca Food Solutions Limited

17. Called up share capital

Authorised:

	2 January 2010 £'000	3 January 2009 £'000
50,500 ordinary shares of £1 each	<u>51</u>	<u>51</u>

Allotted, called up and fully paid:

	2 January 2010 £'000	3 January 2009 £'000
50,500 ordinary shares of £1 each	<u>51</u>	<u>51</u>

18. Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 4 January 2009	344	3,581
Profit on ordinary activities after taxation	-	1,679
Ordinary dividend paid	-	(2,600)
Transfer from revaluation reserve	(252)	252
At 2 January 2010	<u>92</u>	<u>2,912</u>

19. Reconciliation of movements in shareholders' funds

	2 January 2010 £'000	3 January 2009 £'000
Opening shareholders' funds	3,976	4,911
Profit on ordinary activities after taxation	1,679	1,625
Dividends	(2,600)	(1,600)
Impairment of tangible fixed assets	-	(960)
Closing shareholders' funds	<u>3,055</u>	<u>3,976</u>

20. Commitments under operating leases

At 2 January 2010, the company had annual commitments under non-cancellable operating leases as set out below

	2 January 2010 £'000	3 January 2009 £'000
Operating leases which expire		
Within 1 year	17	29
Within 2 to 5 years	<u>132</u>	<u>47</u>
	<u>149</u>	<u>76</u>

Esca Food Solutions Limited**21. Guarantees**

In November 2008, the company participated in a global loan facility with an international syndicate of banks. Total borrowings under this facility as at 2 January 2010 were £285,000,000 (3 January 2009 £351,000,000). All borrowings are secured by fixed and floating charges over the majority of assets and undertakings of companies within the group. These charges are supported by unlimited cross guarantees and by fixed charges and share pledges over the shares of the company. In addition, the company has entered into cross guarantees in respect of borrowings of other companies in the OSI Group LLC group. The directors do not expect any material loss to the company to arise in respect of the guarantees.

22. Pensions

The company contributes to a money purchase pension scheme, the Esca Food Solutions Limited Group Personal Pension Plan. The charge for the period was £88,000 (2008 £86,000). At the period end, the amount of contributions outstanding in accruals was £nil (2008 £13,000).

23. Related party transactions

The company has taken advantage of the exemptions contained in FRS 8, "Related Party Disclosures", not to disclose transactions with its parent undertakings, fellow subsidiary undertakings or the associated undertakings of any group company on the grounds that it is a 100% owned subsidiary and the consolidated financial statements of Gands (U.K.), the intermediate parent undertaking, are publicly available.

24. Immediate and ultimate parent company and controlling party

The immediate parent undertaking of the company is Esca Food Solutions Holdings Limited, a company incorporated in England, by virtue of its 100% shareholding in the company. The directors regard OSI Group LLC, a company incorporated in the United States of America, to be the company's ultimate parent undertaking and ultimate controlling party, by virtue of its shareholding in the intermediate parent undertaking.

The smallest group in which the results of Esca Food Solutions Limited are consolidated is that of Gands (U.K.), the intermediate parent company. Copies of Gands (U.K.)'s financial statements are publicly available from Companies House, Cardiff. The financial statements of OSI Group LLC are not publicly available.

25. Capital commitments

Capital commitments at the balance sheet date amounted to £74,000 (2008 £25,000).

