

CAVAGHAN & GRAY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

52 WEEKS ENDED 27 JULY 2013

REGISTERED NO. 1357837

WEDNESDAY



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COMPANIES HOUSE

CAVAGHAN & GRAY GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

S Amin
R S Boparan
T Curle (appointed 9 October 2012)
S Henderson
K Kular (resigned 17 June 2013)
D Morgan (appointed 16 April 2012)
V Patel
H Quayle (resigned 9 October 2012)
S J P Wookey (appointed 17 June 2013)

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Four Brindleyplace
Birmingham
B1 2HZ

REGISTERED OFFICE

Trinity Park House
Fox Way
Wakefield
WF2 8EE

CAVAGHAN & GRAY GROUP LIMITED

DIRECTORS' REPORT

The financial statements cover the 52 week period to 27 July 2013 however the comparative information disclosed relates to the 69 week period ending 28 July 2012. This is a result of the business changing the accounting reference date in the prior period to align the parent Group.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company is a wholly owned subsidiary of Convenience Foods Limited, and is part of the Group headed by Boparan Holdings Limited ("the Group").

Following the cessation of trade in a previous period, the principal activity of the Company is now that of a holding company.

Principal risks and uncertainties

The Company is financed by inter group loans from its parent company and therefore has no external interest rate exposure. The principal risk to the Company is the risk of impairment of the investment balance which is dependent on the performance of the underlying businesses within the Boparan Holdings Limited Group. Group risks are discussed in the Annual report of Boparan Holdings Limited which does not form part of this report.

Environment

The Boparan Holdings group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damages that might be caused by the Group's activities.

Employees

Details of the number of employees and related costs in the prior year can be found in note 3.

In the current year, the Company has no employees other than the directors.

RESULTS AND DIVIDENDS

The profit for the period attributable to shareholders amounts to £1,354,000 (2012: £1,401,000) and is dealt with as shown in the profit and loss account. The Company has net assets of £20,585,000 (2012: £19,231,000) and have increased slightly as a result of the profit during the period. No interim dividend was paid in the period (2012: £nil). The directors do not recommend the payment of a final dividend (2012: £nil).

Future prospects and going concern

The Company is in a net assets position and does not have any exposure to external debt therefore the Company is able to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements.

The Company and other Group subsidiary companies are cross guarantors of the Bonds and revolving credit facility of the Boparan Holdings Group and therefore the going concern of the Company is dependent on the going concern of the Group. Group forecasts indicate that there will be no breach of financial covenants for a period of at least 12 months from the date of approval of these financial statements and the Group is able to continue to operate within its existing facility.

The directors have considered the future activities of the Company and the Group together with the uncertainty in its expected future cash flows and have concluded that the Company is a going concern.

KEY PERFORMANCE INDICATORS

As the Company no longer trades the directors are of the view that no additional KPIs are necessary to understand the financial position and performance of the Company.

DIRECTORS

The directors who served during the period ended 27 July 2013 and up to the date of signing the financial statements are those listed on page 1.

DIRECTORS INDEMNITIES

The Company made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

CAVAGHAN & GRAY GROUP LIMITED

DIRECTOR'S REPORT (continued)

AUDITOR

In the case of each of the persons who are directors of the Company at the date when this report was approved;

- So far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

By order of the board



S Henderson
Director
22 November 2013

CAVAGHAN & GRAY GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

CAVAGHAN & GRAY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAVAGHAN & GRAY GROUP LIMITED

We have audited the financial statements of Cavaghan & Gray Group Limited for the 52 week period ended 27 July 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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.

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 27 July 2013 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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.



Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
22 November 2013

CAVAGHAN & GRAY GROUP LIMITED**PROFIT AND LOSS ACCOUNT**

52 weeks ended 27 July 2013

	<i>Notes</i>	52 weeks 2013 £'000	69 weeks 2012 £'000
Administrative income		100	-
Operating profit			
Operating profit	2	100	-
Net interest receivable	4	1,725	1,877
Profit on ordinary activities before taxation		1,825	1,877
Taxation on profit on ordinary activities	5	(471)	(476)
Profit for the financial period	10,11	1,354	1,401

All above results derive from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

There were no recognised gains and losses in either period other than the profit for that period therefore no statement of total recognised gains and losses has been presented.

CAVAGHAN & GRAY GROUP LIMITED

BALANCE SHEET
at 27 July 2013

	Notes	27 July 2013 £'000	28 July 2012 £'000
Fixed assets			
Investments	6	3,938	3,938
		3,938	3,938
Current assets			
Debtors: amounts falling due within one year	7	15,564	14,291
Debtors: amounts falling due after more than one year	7	2,655	2,655
Cash at bank and in hand		-	-
		18,219	16,946
Creditors: amounts falling due within one year	8	(585)	(666)
Net current assets		17,634	16,280
Total assets less current liabilities		21,572	20,218
Creditors: amounts falling due after more than one year	8	(987)	(987)
Net assets		20,585	19,231
Capital and reserves			
Called up share capital	9	3,355	3,355
Share premium account	10	15,508	15,508
Capital redemption reserve	10	665	665
Profit and loss account	10	1,057	(297)
Shareholders' funds	11	20,585	19,231

The accompanying notes are an integral part of this balance sheet.

The financial statements of Cavaghan & Gray Group Limited (registered number: 1357837) were approved by the Board of Directors on 22 November 2013.

Signed on behalf of the Board of Directors



S Henderson
Director

CAVAGHAN & GRAY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 27 July 2013

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable UK law and accounting standards.

A summary of the more important accounting policies, which have been applied consistently in the current and prior periods, is set out below.

Basis of preparation

The Company is in a net assets position and does not have any exposure to external debt therefore the Company is able to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements.

The Company and other Group subsidiary companies are cross guarantors of the Bonds and revolving credit facility of the Boparan Holdings Group and therefore the going concern of the Company is dependent on the going concern of the Group.

In forming their opinion on the going concern of the Company, the directors have considered the Group forecasts and the future uncertainties facing the Group. Group forecasts indicate that there will be no breach of financial covenants for a period of at least 12 months from the date of approval of these financial statements and the Group is able to continue to operate within its existing facility.

The directors have considered the future activities of the Company and its expected future cash flows and have concluded that the Company is a going concern.

Cash flow statement

The Company is exempt from the requirement of FRS 1 to present a cash flow statement since it is a wholly owned subsidiary undertaking of Northern Foods Limited, in whose financial statements a cash flow statement is presented.

Fixed asset investments

Fixed asset investments are valued at cost less any provision for impairment where applicable.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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.

CAVAGHAN & GRAY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

52 weeks ended 27 July 2013

1. ACCOUNTING POLICIES (continued)

Pensions

During the period ended 2 April 2011, the Company participated in the Northern Foods Pension Scheme ("the Scheme"), which is a defined benefit scheme providing members with benefits based on pay and service. The assets of the Scheme are held in Trustee administered funds separate from the finances of the Company and group.

The Company is unable to identify its share of the assets and liabilities of the Northern Foods Pension Scheme and Northern Foods Pension Builder, which are administered by Northern Foods Limited, on a consistent and reasonable basis. The schemes were accounted for by the Company as defined contribution schemes, in accordance with FRS 17 "Retirement Benefits". The amount charged to the profit and loss account in respect of ordinary pension costs and other post-retirement benefits was the contribution payable in the year.

2. OPERATING PROFIT

The auditor's remuneration of £1,000 (2012: £1,000) and Companies House fees were borne by another group company.

3. STAFF COSTS AND EMOLUMENTS OF DIRECTORS

There were no employees either working for or employed by the company in the current and prior financial period.

The directors received no remuneration for their services to the Company in either period.

4. NET INTEREST RECEIVABLE AND OTHER INCOME

	52 weeks	69 weeks
	2013	2012
	£'000	£'000
Group interest receivable	1,725	1,877

CAVAGHAN & GRAY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

52 weeks ended 27 July 2013

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<i>52 weeks</i> 2013 £'000	<i>69 weeks</i> 2012 £'000
UK corporation tax charge at 23.67% (2012: 24%)	495	476
Adjustment to prior periods	(24)	-
Tax charge for the period	471	476

The corporation tax charge is higher than (2012: higher than) the standard UK corporation tax rate of 23.67% (2012: 24%). The differences are explained below:

	<i>52 weeks</i> 2013 £'000	<i>69 weeks</i> 2012 £'000
Profit on ordinary activities before taxation	1,825	1,877
Taxation on profit on ordinary activities at the standard UK Corporation tax rate of 23.67% (2012: 24%)	432	450
Effects of:		
Tax rate differences	-	26
Adjustment to prior periods	(24)	-
Expenses not deductible for tax purposes	63	-
Corporation tax charge for the period	471	476

6. FIXED ASSET INVESTMENTS

	<i>£'000</i>
Investments in subsidiary undertakings	
Cost:	
At start and end of period	3,938
Provision for impairment:	
At start and end of period	-
Net book amount:	
At start and end of period	3,938

The Company holds 100% of the ordinary shares of the following:

<i>Name of company</i>	<i>Country of Registration</i>	<i>Nature of Business</i>
Cavaghan & Gray Limited	England and Wales	Food Production
Dalepak Foods Limited	England and Wales	Dormant
The Pie Company Limited	England and Wales	Dormant
Hortonwood Bakeries Limited	England and Wales	Dormant

The Company is an indirect subsidiary undertaking of Boparan Holdings Limited, a company incorporated in the United Kingdom and as such is exempt from the requirements to prepare consolidated financial statements by virtue of s400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its Group.

In the opinion of the directors the value of the Company's investment in its subsidiaries is not less than the amount at which it is stated in the balance sheet.

CAVAGHAN & GRAY GROUP LIMITED

7. DEBTORS

	<i>2013</i> <i>£'000</i>	<i>2012</i> <i>£'000</i>
Amounts falling due within one year:		
Amounts due from group undertakings	15,564	14,277
Other debtors	-	14
	15,564	14,291
Amounts falling due after more than one year:		
Amounts due from group undertakings	2,655	2,655

8. CREDITORS

	<i>2013</i> <i>£'000</i>	<i>2012</i> <i>£'000</i>
Amounts falling due within one year:		
Corporation tax payable	495	476
Other creditors	66	65
Accruals and deferred income	24	125
	585	666
Amounts falling due after more than one year:		
Amounts due to group undertakings	987	987
	987	987

9. CALLED UP SHARE CAPITAL

	<i>2013</i> <i>£'000</i>	<i>2012</i> <i>£'000</i>
Allotted, called up and fully paid:		
67,091,603 ordinary shares of 5p each	3,355	3,355

10. RESERVES

	<i>Share premium Account</i> <i>£'000</i>	<i>Capital redemption reserve</i> <i>£'000</i>	<i>Profit and loss reserve</i> <i>£'000</i>
At start of period	15,508	665	(297)
Profit for the financial period	-	-	1,354
At end of period	15,508	665	1,057

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>2013</i> <i>£'000</i>	<i>2012</i> <i>£'000</i>
Profit for the financial period	1,354	1,401
Opening shareholders' funds	19,231	17,830
Closing shareholders' funds	20,585	19,231

CAVAGHAN & GRAY GROUP LIMITED

12. PENSIONS

In prior periods the Company participates in the Northern Foods Pension Scheme ("the Scheme"), which is a defined benefit scheme providing members with benefits based on pay and service. The assets of the Scheme are held in Trustee administered funds separate from the finances of the Company and group.

In March 2005 the Company announced the closure of the Northern Foods Pension Scheme and removed all remaining Company funded early retirement provisions. The Northern Foods Pension Builder ("Pension Builder") was introduced for new employees, and is a defined benefit scheme based on a career average principle. The Northern Foods Pension Builder was closed to new members during the current financial year. The Scheme and Pension Builder are both funded schemes.

During 2008/09 Northern Foods reviewed the future cost of delivering benefits against a challenging background of social and economic changes in order to maintain competitiveness and long term success. This resulted in approximately 300 of the senior management population moving from the Scheme and Pension Builder to a defined contribution scheme from 1 April 2009. The defined contribution scheme is now available to all members.

The Company is unable to identify its share of the underlying assets and liabilities of the schemes and accordingly, as permitted by FRS 17 "Retirement benefits", has accounted for them as if they were defined contribution schemes.

The most recent valuation of the Scheme and Pension Builder was carried out at the period end for the purpose of the Northern Foods plc group financial statements by an independent, qualified actuary, PricewaterhouseCoopers LLP, using revised assumptions that are consistent with the requirements of IAS 19. Investments have been valued, for this purpose, at fair value.

For the purposes of determining the Schemes' liabilities under IAS 19 the most significant assumptions adopted were as follows:

	2013 %	2012 %
Rate of increase in salaries	-	-
Rate of increase to pensions in payment (LPI 5%)	3.0	2.5
Rate of increase to deferred pensions	2.2	1.7
Discount rate	4.5	4.4
Inflation assumption	3.2	2.5

CAVAGHAN & GRAY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

52 weeks ended 27 July 2013

12. PENSIONS (continued)

The fair value of the assets in the Scheme and Pension Builder, the present value of the liabilities and the expected rate of return as at the periods ended 2012, 2011 and 2010 were as follows:

	2013 Long term expected rate of return %	2013 £m	2012 Long term expected rate of return %	2012 £m	2011 Long term expected rate of return %	2011 £m
Equities	7.0	597.1	6.1	539.4	8.0	509.8
Bonds	4.5	7.1	4.4	7.1	5.7	5.6
Swap contracts / collateral pool	3.7	243.3	3.2	221.0	4.7	214.5
Other	0.5	0.2	0.5	0.2	0.5	11.8
Total fair value of assets		847.7		767.7		741.7
Present value of scheme liabilities		(1,008.6)		(976.6)		(824.6)
Deficit in scheme		(160.9)		(208.9)		(82.9.)
Related deferred tax asset		32.9		48.5		21.6
Net pension deficit		(127.6)		(160.4)		(61.3)

The mortality assumptions used are based on mortality experience of the Scheme and Pension Builder and anticipated mortality experience. The life expectancy in years for a member aged 65 is as follows:

		Valuation date	
		2013 Years	2012 Years
Current pensioner	- male	20.7	20.6
	- female	22.4	22.3
Current deferred	- male	21.0	21.0
	- female	23.3	23.3
Current active	- male	19.7	19.6
	- female	22.8	22.7

Further information can be found in the Annual report of Northern Foods Limited.

13. CONTINGENT LIABILITY

The Boparan Holdings Group has two main sources of finance. The Bond comprises £400m of Senior Notes due 2018 at an interest rate of 9.875% and €340m of Senior Notes due April 2018 at an interest rate of 9.750%. The Revolving Credit Facility (RCF) of £40m expires in April 2016. The Company and other Group subsidiary companies are cross guarantors of the Bond whereby they absolutely and unconditionally guarantee the principal and interest on the Senior loan notes. The same companies are cross guarantors in respect of the Boparan Holdings Group's £40m Revolving credit facility which is a facility of Boparan Holdings Limited. This facility was undrawn at the balance sheet date. The total bond value as at 27 July 2013 per the Boparan Holdings Group accounts was £676.7m net of fees (2012: £649.1m) however the individually guaranteed amount is not readily available.

CAVAGHAN & GRAY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

52 weeks ended 27 July 2013

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 8, as a wholly owned subsidiary of Boparan Holdings Limited, not to disclose related party transactions with other wholly owned members of the Group.

15. ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary of Convenience Foods Limited, a company registered in England and Wales. The parent company of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Boparan Holdings Limited, registered in England and Wales. The parent company of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Boparan Holdco Limited, registered in England and Wales, for the 52 weeks ended 27 July 2013. As at 27 July 2013 Boparan Holdco Limited was also the Company's ultimate parent undertaking. Copies of the consolidated financial statements can be obtained from the Company's registered office.

RS Boparan and BK Boparan are the ultimate controlling parties.