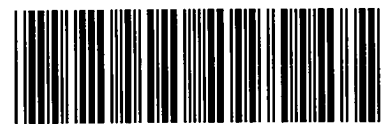


Bakkavor Fresh Cook Limited
Financial statements
for the 52 weeks ended 28 December 2013

Registered number: 05251496



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Bakkavor Fresh Cook Limited

Financial statements 2013

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Bakkavor Fresh Cook Limited

Financial statements 2013

Officers and professional advisers

Directors

A Gudmundsson
E Gates

Secretary

S Witham

Registered Office

West Marsh Road
Spalding
Lincolnshire
PE11 2BB

Bankers

Barclays Bank PLC
Multinational Corporates
One Churchill Place
London
E14 5HP

Auditor

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

Bakkavor Fresh Cook Limited

Directors' report

Introduction

The Directors present the audited financial statements, for Bakkavor Fresh Cook Limited (the "Company") for the 52 weeks ended 28 December 2013. Comparatives are for the 52 weeks ended 29 December 2012 ("2012"). The Company is a 100% owned subsidiary and operates within the Bakkavor Group Limited group (the "Group").

Principal activity

The principal activity of the Company is the preparation and marketing of fresh prepared foods. There have not been any significant changes in the Company's principal activity in the period under review. A review of the business performance is shown within the Strategic Report on page 5.

Going concern

The Directors, in their detailed consideration of going concern, have reviewed the Company's future cash forecasts and revenue projections, which they believe are based on prudent market data and past experience. The Director's considered the Company's cash reserves and its access to the Group's financing arrangements. At the date of this report the Group has complied in all respects with the terms of its borrowing agreements, including its financial covenants, and forecasts to continue to do so. In the event trading conditions worsen, the Group has specific actions available to it to ensure ongoing compliance.

Consequently the Directors have a reasonable expectation that the Company has adequate resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. The Company has one single major customer and is therefore currently reliant on that customer. However, the Company continues to manage a good on-going and long-term relationship with the customer and their commitment shown to the Company, together with the planned restructure means the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who served during the period and to the date of this report except as noted, were as follows:

S Cunningham (resigned 14 January 2014)

I Hetherington (resigned 30 April 2013)

A Gudmundsson (appointed 14 January 2014)

E Gates (appointed 14 January 2014)

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 remain in place at the date of signing the accounts.

Bakkavor Fresh Cook Limited

Directors' report (continued)

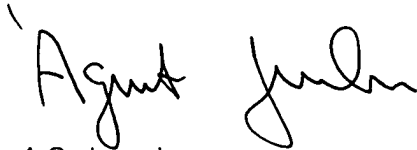
Disclosure of information to the auditor

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 auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself 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(2) of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board



A Gudmundsson

Director

2 September 2014

Bakkavor Fresh Cook 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 Financial Reporting Standard 101 Reduced Disclosure Framework has 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.

Bakkavor Fresh Cook Limited

Strategic report

The Directors' present their Strategic Report for the period ended 28 December 2013. The Directors' are satisfied with the results and achievements and believe that the future prospects of the Company are sound.

Review of business performance

As shown in the Company's profit and loss account, sales amounted to £85,165,000 (2012: £84,746,000). EBITDA before exceptional items (Earnings before interest, tax, depreciation and amortisation) was £2,385,000 (2012: £4,979,000). The profit for the period before taxation amounted to £1,279,000 (2012: profit of £4,217,000). The balance sheet shows net assets amounting to £6,246,000 (2012: £6,303,000). During the period, the Company has not paid or received any dividends (2012: £nil).

On 5 February 2014, the Company internally announced it was entering into a 45 day consultation period with its employees, regarding the restructuring of the business. In the last six months the business has been impacted by tough economic trading conditions and volume losses within certain product ranges.

The Company continues to prioritise strong customer relationships and innovative product development as well as a strategic focus on its core operations. Through the utilisation of the Company's strong relationship with its stakeholders, the Directors believe that the planned restructure of the business will allow the Company to improve on its current position.

The main focus of the Company's research and development expenditure is product innovation. The Company's ongoing research and product development programme is supported by dedicated personnel and facilities and successfully introduces new products into its range each period.

Principal risks and uncertainties

The Company is exposed to a number of risks and uncertainties across a range of strategic, operational and financial areas. The Company continually reviews its internal control and risk management processes and is fully aligned with the policies and objectives set by the Board of Directors of Bakkavor Group.

The Company has formally identified nine key risks. The successful mitigation of which is paramount to the day to day running of our business and the achievement of our long-term vision. These risks are set out below:

Operational risks

Food safety and integrity

Millions of people eat our products every day. We recognise we have a duty to make food that is safe for consumers to eat and is clearly and correctly labelled. Consumer safety and confidence is vital to us and any issue that breaches that trust will also impact our industry's long-term prospects and our reputation.

We use Hazard Analysis Critical Control Point (HACCP) principles to identify relevant food safety controls. All operational staff are trained in food safety using documented procedures from the HACCP plan. We ensure compliance through audit of our sites and our suppliers of key raw materials, using a combination of internal and external food safety experts. We continue to invest in food safety processes in order to remain leading class in this area.

Health and safety (H&S)

We understand our duty of care to secure and protect the H&S of our employees. Our employee safety is paramount to our continued success and getting it wrong impacts both our employees and our leading reputation. We train all operational employees in Health and Safety. We also employ H&S professionals responsible for reporting on H&S matters to the site's executive management team and putting into action site-specific H&S plans. H&S KPIs are reported monthly to Bakkavor Group's Management Board.

Loss of key employees

We have a highly experienced senior management team which is passionate about the business and whom we consider to be a key competitive strength. We would be unable to fulfil our strategic growth objectives without the recruitment, development and retention of talented and committed people who understand and respect our values.

We communicate our values internally in order to provide our employees with a cohesive framework. We recruit, appraise, reward and develop our employees against these values. We are committed to 'growing our own' people and provide relevant training to help our employees reach their potential. We have developed a 'talent pipeline' of employees identified for succession planning.

Bakkavor Fresh Cook Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Market risks

Customer relationships

The Company has one single major customer and the loss of this customer would have a significantly negative impact on our turnover, manufacturing efficiency and profit.

Customer care is one of our five values. We invest in significant resource to manage and develop deep and long-lasting relationships with our customers, ensuring that our customers have access to dedicated employees at all levels of the decision-making process.

Consumer understanding

Our diverse and innovative product range is critical to developing customer relations and future growth. Investing in product areas which fail or underperform is costly in terms of resource, profitability and our reputation with our customers.

We regularly commission consumer research and communicate its results to our marketing and product development teams. Market trends are discussed at each Bakkavor Group Management Board meeting.

Commodity price inflation

The Company is exposed to fluctuating prices in significant areas of expenditure. In the short term, increases in raw material prices adversely affect individual product margins. In the longer term, the inability to pass on significant commodity cost increases within a reasonable timeframe would impact the Company's profit negatively.

Through the Group's central procurement team the Company aims to benefit from its scale and strong supplier relationships to achieve the requisite balance between price, quality, availability and service levels. Where possible it is the Company's policy to pass on commodity price increases. Equally, it seeks to reduce costs and make products as efficiently as possible in order to offset any delays in achieving price increases.

Financial risk management

Foreign currency risk

Foreign currency risk occurs at a transactional level on purchases in foreign currencies. The Company does not directly enter into any forward foreign exchange contracts.

The Bakkavor Group does, however, enter into forward foreign exchange contracts on a group basis to cover specific foreign currency payments and receipts. The Bakkavor Group also enters into forward foreign exchange contracts on behalf of the Group to manage the risk associated with anticipated sales and purchase transactions to minimise the exposure generated.

Credit risk

Credit risk refers to the risk of financial loss to the Company, if a counterparty, defaults on its contractual obligations of the loans and receivables at amortised cost held in the balance sheet. The Company's credit risk is attributable to its trade and other receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

Liquidity risk refers to the risk that the Company may not be able to fund the day to day running of the business. Liquidity risk is reviewed by the Board of Directors on a monthly basis. The Company manages liquidity risk by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Environment

The Company is committed to comply with relevant legislation and managing the direct impacts of our business on the environment. Our Environmental Policy focuses on business improvement initiatives in five key areas over which we have immediate control: Energy, Waste, Water, Packaging and Transport.

Bakkavor Fresh Cook Limited

Strategic report (continued)

Employees

Details of the number of employees and related costs can be found in note 7 to the financial statements.

Disabled Employees

The Company gives full and fair consideration to employment applications made by people with disabilities. We offer equal opportunity to all disabled candidates and employees who have a disability or who become disabled during the course of their employment. A full assessment of the individual's needs is undertaken and reasonable adjustments are made to the work environment and/or practices in order to assist those with disabilities.

Equal opportunities

The Company is an equal opportunities employer. Equal opportunities are offered to all regardless of race, colour, nationality, ethnic origin, sex (including gender reassignment), marital or civil partnership status, disability, religion, belief, sexual orientation, pregnancy and maternity, age or trade union membership. All candidates and employees are treated equally in respect of recruitment, promotion, training, pay and other employment policies and conditions. All decisions are based on relevant merit and abilities.

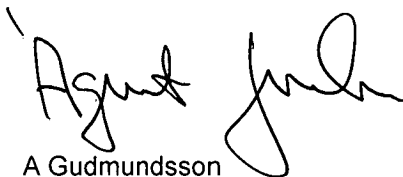
Employee communication

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the intranet and quarterly briefings by the Company's management team. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Supplier payment policy

The Company's policy, is to settle on appropriate terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of those terms of payment and subsequently comply with those terms.

By order of the Board



A Gudmundsson

Director

2 September 2014

Independent auditor's report to the members of Bakkavor Fresh Cook Limited

We have audited the financial statements of Bakkavor Fresh Cook Limited for the 52 weeks ended 28 December 2013 ('period') which comprise the profit and loss account, statement of changes in equity, balance sheet, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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 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 and to identify any information that is apparently materially incorrect based on or materially inconsistent with the knowledge acquired by us in the course of performing the audit. 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 the 52 week period ended 28 December 2013 and of the Company's loss for the period then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Bakkavor Fresh Cook 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.



Christopher Robertson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, UK
5 September 2014

Bakkavor Fresh Cook Limited

Profit and loss account 52 weeks ended 28 December 2013

	Notes	52 weeks ended 28 December 2013 £'000	52 weeks ended 29 December 2012 £'000
Turnover	4	85,165	84,746
Cost of sales		(69,385)	(67,292)
Gross profit		15,780	17,454
Distribution costs		(4,280)	(4,425)
Other administrative costs		(10,163)	(8,944)
Exceptional items	6	(58)	132
Total administrative costs		(10,221)	(8,812)
Operating profit and profit on ordinary activities before tax		1,279	4,217
Tax	9	(1,336)	(3,666)
(Loss)/profit for the period	5	(57)	551

The Company has no recognised gains and losses other than the (loss)/profit above and therefore no separate statement of comprehensive income is presented.

All operations are continuing.

Statement of changes in equity 52 weeks ended 28 December 2013

	Share premium £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2012	3,368	2,384	5,752
Profit for the period	-	551	551
Balance at 29 December 2012	3,368	2,935	6,303
Loss for the period	-	(57)	(57)
Balance at 28 December 2013	3,368	2,878	6,246

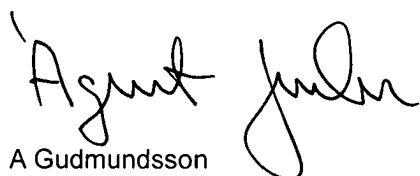
The accompanying notes are an integral part of these financial statements.

Bakkavor Fresh Cook Limited

Balance sheet 28 December 2013

	Notes	28 December 2013 £'000	29 December 2012 £'000
Fixed assets			
Property, plant and equipment	10	3,684	4,259
Current assets			
Stock	11	1,581	2,227
Debtors - amounts falling due within one year	12	5,114	6,229
Cash at bank and in hand		8,974	11,811
Deferred tax	13	197	220
		15,866	20,487
Total assets		19,550	24,746
Creditors: Amounts falling due within one year	14	(13,304)	(18,443)
Net assets		6,246	6,303
Capital and reserves			
Called up share capital	15	-	-
Share premium		3,368	3,368
Profit and loss account		2,878	2,935
Total shareholders' funds		6,246	6,303

The financial statements of Bakkavor Fresh Cook Limited, company number 05251496, were approved by the Board of Directors on 2 September 2014. They were signed on behalf of the Board of Directors by:



A Gudmundsson
Director

The accompanying notes are an integral part of these financial statements.

Bakkavor Fresh Cook Limited

Notes to the financial statements 52 weeks ended 28 December 2013

1. General information

Bakkavor Fresh Cook 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 principal activities of the Company comprise the preparation and marketing of fresh prepared foods. These activities are undertaken in the UK and products are sold through one customer.

2. Significant accounting policies

Basis of accounting

As permitted under section 390 (3) of the Companies Act 2006, the Company has taken the option to end its financial period on 28 December 2013, as it is not more than 7 days after or before the end of the period dated 31 December 2013.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The Company has chosen to adopt the standard earlier than the 1 January 2015 effective date and the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and related party transactions. Where relevant the equivalent disclosures have been given in the Group accounts of Bakkavor Finance (2) plc. The Group accounts of Bakkavor Finance (2) plc are available to the public and can be obtained as set out in note 20.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Going concern

The Directors have reviewed the historical trading performance of the Company and the forecasts through to September 2015, to assess the level of finance required by the Company. Refer to page 2, for the Directors' consideration of going concern.

Property, plant and equipment

All property, plant and equipment is stated in the balance sheet at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Buildings – maximum period of 50 years

Plant and machinery – 1 to 20 years

Fixtures and equipment – 3 to 5 years

Freehold land is not depreciated. Most plant and machinery is depreciated over 12 years.

Reviews of the estimated remaining useful lives of and residual values of individual productive assets are performed annually, taking account of commercial and technological obsolescence as well as normal wear and tear.

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued) 52 weeks ended 28 December 2013

2. Significant accounting policies (continued)

Property, plant and equipment (continued)

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

Impairment

Property, plant and equipment are tested for impairment when an event that might affect asset values has occurred. Examples of such triggering events include significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or a significant reduction in cash flows.

An impairment loss is recognised, in the profit and loss account, to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from operating the assets in accordance with IAS 36 "Impairment of Assets".

Stock

Stock is stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. 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.

Revenue recognition

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

The Company sells fresh prepared foods. Revenue from the sale of these goods is recognised when all of 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.

As a result, revenue for the sale of these goods is generally recognised upon delivery to the customer.

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued) 52 weeks ended 28 December 2013

2. Significant accounting policies (continued)

Foreign currencies

The financial statements of the Company are presented in Pounds Sterling, which is the primary economic environment in which it operates (its functional currency).

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 balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 the profit and loss account for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit and loss account 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 other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Research and development

Research and development costs comprise all directly attributable costs necessary to create and produce new products which are both new in design and those being modified. Expenditure on research and development is recognised as an expense in the period in which it is incurred.

Operating profit

Operating profit is stated after charging/(crediting) exceptional items.

Retirement benefit obligations

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as employee service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. 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.

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 year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years 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 balance sheet 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.

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued) 52 weeks ended 28 December 2013

2. Significant accounting policies (continued)

Taxation (continued)

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.

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 profit and loss account, 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.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets held by the Company are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities

Financial liabilities held by the Company are classified as other financial liabilities at amortised cost.

Loans and receivables

Trade debtors and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Cash at bank and in hand

Cash at bank and in hand comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued) 52 weeks ended 28 December 2013

2. Significant accounting policies (continued)

Impairment of financial assets (continued)

For certain categories of financial assets such as trade debtors, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of debtors could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national and local economic conditions that correlate with default on debtors. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit and loss account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit and loss account to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets and financial liabilities

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Company's accounting policies

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered not to be relevant. Actual results may differ from these estimates.

Estimates are used in the accounting for allowances of uncollectible debtors, depreciation, impairment, taxes and contingencies. Estimates and assumptions are reviewed on an ongoing basis and revisions are reflected within the financial statements of the period that an adjustment is determined to be required.

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued) 52 weeks ended 28 December 2013

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Going concern

The Directors, in their detailed consideration of going concern, have reviewed the Company's future cash forecasts and revenue projections, which they believe are based on prudent market data and past experience. The Director's considered the Company's cash reserves and its access to the Group's financing arrangements. At the date of this report the Group has complied in all respects with the terms of its borrowing agreements, including its financial covenants, and forecasts to continue to do so. In the event trading conditions worsen, the Group has specific actions available to it to ensure ongoing compliance.

Consequently the Directors have a reasonable expectation that the Company has adequate resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.

The Company has one single major customer and is therefore currently reliant on that customer. However, the Company continues to manage a good on-going and long-term relationship with the customer and their commitment shown to the Company, together with the planned restructure means the Directors continue to adopt the going concern basis in preparing the financial statements.

4. Turnover

	52 weeks ended 28 December 2013 £'000	52 weeks ended 29 December 2012 £'000
Sale of goods		
Sales to United Kingdom customer	84,647	83,882
Sales to other group companies	518	864
Total turnover	85,165	84,746

5. (Loss)/profit for the period

(Loss)/profit for the period has been arrived at after charging/(crediting):

	52 weeks ended 28 December 2013 £'000	52 weeks ended 29 December 2012 £'000
Depreciation of owned property, plant and equipment	1,048	894
Operating lease costs	95	99
Research and development	282	368
Cost of stock recognised as an expense	50,824	49,308
Write down of stock recognised as an expense/(credit)	86	(75)
Exceptional items (see note 6)	58	(132)
Staff costs (see note 7)	13,661	10,748

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued) 52 weeks ended 28 December 2013

5. (Loss)/profit for the period (continued)

The analysis of auditor remuneration is as follows:

	52 weeks ended 28 December 2013 £'000	52 weeks ended 29 December 2012 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13	13

The fees payable to the Company's auditor are paid by another group company, and part of the cost has been recharged to the Company as indicated above. There were no other fees payable to the Company's auditor for non audit services in either of the financial periods presented.

6. Exceptional items

An exceptional item, in management's judgement, should be disclosed by virtue of their nature or amount. Exceptional items are as follows:

	52 weeks ended 28 December 2013 £'000	52 weeks ended 29 December 2012 £'000
Release of restructuring provision	-	(132)
Restructuring costs	58	-
	58	(132)

7. Staff costs

The average monthly number of employees during the period was as follows:

	2013 Number	2012 Number
Production	607	558
Management and administration	18	20
Sales and distribution	3	3
	628	581

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued) 52 weeks ended 28 December 2013

7. Staff costs (continued)

Their aggregate remuneration comprised:

	52 weeks ended 28 December 2013 £'000	52 weeks ended 29 December 2012 £'000
Wages and salaries	12,484	9,800
Social security costs	1,012	852
Other pension costs (see note 18)	165	96
	13,661	10,748

8. Directors' emoluments

The Directors received no emoluments for their services to the Company in either financial period presented and were paid through Bakkavor Foods Limited. The Directors are considered to be the key management personnel of the Company.

9. Tax

	52 weeks ended 28 December 2013 £'000	52 weeks ended 29 December 2012 £'000
Total current tax – group relief charge	1,313	3,791
Deferred tax charge – current year	25	120
Deferred tax credit – adjustment in respect of prior years	(2)	(245)
Total deferred tax	23	(125)
	1,336	3,666

Corporation tax is calculated at 23.25% (2012: 24.5%) of the estimated assessable profit for the period. The charge for the period can be reconciled to the profit per the profit and loss account as follows:

	52 weeks ended 28 December 2013		52 weeks ended 29 December 2012	
	£'000	%	£'000	%
Profit on ordinary activities before tax	1,279	100	4,217	100
Tax at the UK corporation tax rate of 23.25% (2012: 24.5%)	297	23.3	1,033	24.5
Expenses not deductible	2	0.2	1	-
Adjustment in respect of prior years – deferred tax	(2)	(0.2)	(245)	(5.8)
Deferred tax change in rate	31	2.4	15	0.3
Group relief charged at rate in excess of 23.25%	1,008	78.8	2,862	67.9
Tax charge and effective tax rate for the period	1,336	104.5	3,666	86.9

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued) 52 weeks ended 28 December 2013

9. Tax (continued)

During the year, the relevant deferred tax balances have been re-measured as a result of the change in the UK main corporation tax rate to 20% which was substantively enacted on 2 July 2013 and will become effective from 1 April 2015.

The UK corporation tax rate reduced from 24% to 23% from 1 April 2013 and reduced further to 21% from 1 April 2014.

10. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 30 December 2012	1,358	7,002	1,290	9,650
Additions	-	473	-	473
At 28 December 2013	1,358	7,475	1,290	10,123
Accumulated depreciation				
At 30 December 2012	(1,065)	(3,503)	(823)	(5,391)
Charge for the period	(136)	(789)	(123)	(1,048)
At 28 December 2013	(1,201)	(4,292)	(946)	(6,439)
Carrying amount				
At 28 December 2013	157	3,183	344	3,684
At 29 December 2012	293	3,499	467	4,259

At 28 December 2013, the Company had not entered into any contractual commitments for the acquisition of property, plant and equipment (2012: £nil).

11. Stock

	28 December 2013 £'000	29 December 2012 £'000
Raw materials and packaging	1,160	1,919
Work-in-progress	310	208
Finished goods	111	100
	1,581	2,227

There is no material difference between the balance sheet value of stocks and their replacement cost.

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued) 52 weeks ended 28 December 2013

12. Debtors - amounts falling due within one year

	28 December 2013 £'000	29 December 2012 £'000
Trade debtors	3,719	4,676
Amounts owed by other group companies	94	186
Other debtors	908	721
Prepayments	393	646
	<hr/>	<hr/>
	5,114	6,229
	<hr/>	<hr/>

The amounts disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

13. Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £'000
At 1 January 2012	95
Credit to income	125
	<hr/>
At 29 December 2012	220
Charge to income	(23)
	<hr/>
At 28 December 2013	197
	<hr/>

14. Creditors: Amounts falling due within one year

	28 December 2013 £'000	29 December 2012 £'000
Trade creditors	8,984	10,372
Amounts owed to other group companies	306	516
Group loss relief	1,313	3,791
Other creditors	161	146
Accruals	2,540	3,618
	<hr/>	<hr/>
	13,304	18,443
	<hr/>	<hr/>

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued) 52 weeks ended 28 December 2013

15. Called up share capital

	28 December 2013 £	29 December 2012 £
Issued and fully paid:		
50 'A' Ordinary shares of £1 each	50	50
50 'B' Ordinary shares of £1 each	50	50
	100	100

The 'A' Ordinary Shares and the 'B' Ordinary shares have the same rights and privileges and rank pari passu in all respects.

16. Contingent liabilities

The Company may from time to time, and in the normal course of business, be subject to claims from customers and counterparties. The Company reviews any claims to determine if there is any potential financial loss to the Company. As at the 28 December 2013, there were no legal claims or potential claims against the Company (2012: £nil) and therefore no provision is considered necessary in the financial statements.

The Company, along with certain other group companies, is a guarantor of the Group and therefore the assets of the Company are secured against the Group's debt facilities.

17. Operating lease arrangements

The Company as lessee

	52 weeks ended 28 December 2013 £'000	52 weeks ended 29 December 2012 £'000
Lease payments under operating leases recognised as an expense in the period	95	99

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	28 December 2013 £'000	29 December 2012 £'000
Within one year	22	88
Within two to five years	-	22
	22	110

Operating lease payments represent rentals payable by the Company for forklift trucks, portakabins and office equipment.

Bakkavor Fresh Cook Limited

Notes to the financial statements (continued)

52 weeks ended 28 December 2013

18. Retirement benefit schemes

Defined benefit scheme

The Company participates in two Bakkavor Pension Schemes. These are a defined benefit multi-employer scheme and a defined contribution stakeholder scheme, of which, the assets and liabilities are held independently from the Company. The Company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and accordingly accounts for both schemes as defined contribution schemes. Contributions to the schemes for the period were £165,000 (2012: £96,000).

For more information on Bakkavor Group Pension Schemes, please refer to note 36 within the Bakkavor Finance (2) plc Annual Report 2013.

19. Events after the balance sheet date

On 5 February 2014, the Company internally announced it was entering into a 45 day consultation period with its employees, regarding the restructure of the business. In the last six months the business has been impacted by tough economic trading conditions and volume losses within certain product ranges.

20. Controlling party

The immediate parent of the Company is Bakkavor Foods Limited.

The Company's ultimate parent company and ultimate controlling party is Bakkavor Group Limited, a company registered in the United Kingdom. The largest group in which the results of the Company are consolidated is that headed by Bakkavor Group Limited and has included the Company in its group financial statements. The smallest group into which the accounts are consolidated is Bakkavor Finance (2) plc.

Copies of both the Bakkavor Group Limited and Bakkavor Finance (2) plc financial statements are available from 5th Floor, 3 Sheldon Square, Paddington Central, London, W2 6HY, United Kingdom.