Bakkavor Estates Limited

Financial statements

for the 52 weeks ended 29 December 2012

Registered number 06664921

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Bakkavor Estates Limited

Report and financial statements 2012

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Bakkavor Estates Limited

Report and financial statements 2012

Officers and professional advisers

Directors

A Gudmundsson
M Archer

Secretary

S Witham (appointed 1 February 2012)
J Stansbury (resigned 1 February 2012)

Registered Office

West Marsh Road
Spalding
Lincolnshire
PE11 2BB

Bankers

Barclays Bank PLC
10 Hall Place
Spalding
Lincolnshire
PE11 1SR

Auditor

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

Bakkavor Estates Limited

Directors' report

The Directors present their audited financial statements for the 52 week period ended 29 December 2012 ('2012') Comparatives are for the 52 week period ended 31 December 2011 ('2011')

Business review and principal activity

Bakkavor Estates Limited (the 'Company') is a 100% owned subsidiary of Bakkavor Finance (3) Limited The principal activity of the Company is to hold all UK freehold property within the Bakkavor Group Limited Group (the 'Group') Since incorporation there have been no significant changes in the Company's principal activities

On 27 September 2012, Bakkavor Group Limited (formerly Bakkavor Holdings Limited) became the parent company of the Bakkavor Group following a shareholder meeting of Bakkavör Group ehf (EHF) where it was agreed to implement a decrease in the share capital of EHF and to effect the distribution of EHF's shares in Bakkavor Group Limited to EHF's shareholders

The company name of Bakkavor Holdings Limited was formally changed to Bakkavor Group Limited to reflect its status as parent of the Bakkavor Group

The Directors are satisfied with the results and achievements for the period to 29 December 2012 and believe that the future prospects of the Company are sound

As shown in the Company's Profit and loss account, the Company's revenue amounted to £6,606,000 (2011 £6,742,000) The loss for the period, after taxation, amounted to £4,131,000 (2011 profit after taxation of £856,000) which has been transferred from reserves The Directors do not recommend the payment of a final dividend (2011 £nil)

The Balance sheet shows the shareholders deficit amounting to £195,000 (2011 shareholders funds £3,936,000) and that the Company's financial position at the period end, is in both net asset terms and cash terms consistent with the Directors' expectations The Company is reliant on funding from Bakkavor Finance (2) plc group

The Directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006

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, and believe, based on those forecasts and projections, that it is appropriate to prepare the financial statements of the Company on a going concern basis

In arriving at this conclusion the Directors considered the Company's cash reserves and its access to the Group's financing arrangements, which comprise £350 million of seven-year listed bonds issued in February 2011 and £350 million of bank facilities committed to June 2014 The Group is in advanced discussions with its lenders regarding the refinancing of these bank facilities Both the Group and its lenders are committed to the refinancing of both the Term loan and Revolving Credit Facility and the Board of the Group are confident of announcing new financing arrangements in the near future Importantly, the Group's liquidity remains particularly strong with £83 8 million of facilities undrawn as at 29 December 2012

The Group believes it is adequately placed to manage covenant compliance successfully despite the challenging macroeconomic environment In the event that conditions worsen, the Group has the flexibility to react by accessing additional working capital arrangements that have already been agreed with key stakeholders Further actions available to management may include a reduction to our capital expenditure programme and supply chain improvements

The Directors have received confirmation from certain group companies that payables due to those companies will not be called for a period of at least 12 months from the date of the signing of these accounts

Bakkavor Estates Limited

Directors' report (continued)

Going concern (continued)

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 For this reason, they continue to adopt the going concern basis in preparing the financial statements

Principal risks and uncertainties

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 the Group For this reason the Company's exposure to risks and uncertainties in strategic, operational and financial areas is limited

The Company has identified the following financial risks

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 balances with trade and other debtors and is not considered to be significant

Charitable and political contributions

The Company made no charitable or political donations during the period ended 29 December 2012 (2011 £nil)

Directors

The Directors who served during the period and subsequently were as follows

A Gudmundsson
M Archer

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

The interests of A Gudmundsson, who was also a Director of Bakkavor Group Limited (formerly Bakkavor Holdings Limited) the ultimate parent company, are set out in that company's Annual Report and Financial Statements, which does not form part of this report A Gudmundsson has no other disclosable interests M Archer has no disclosable interests

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/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Directors' report (continued)

Disclosure of information to the auditor (continued)

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

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

A Gudmundsson
Director
30 April 2013

Bakkavor Estates Limited

Directors' responsibilities statement

The Directors are responsible for preparing 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 Director has 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

Independent auditor's report to the members of Bakkavor Estates Limited

We have audited the financial statements of Bakkavor Estates Limited for the 52 weeks ended 29 December 2012 (the 'period') which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, and the related notes 1 to 16 The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 'Reduced Disclosure Framework'

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 and the parent 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 of 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 29 December 2012 and of the Company's loss for the 52 week period then ended,
- have been properly prepared in accordance 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

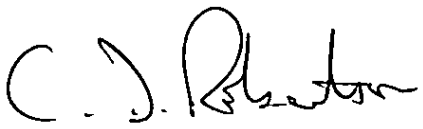
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Bakkavor Estates 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, or
- The Directors were not entitled to take advantage of the small company's exemption in preparing the Directors' Report



Christopher Robertson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, UK
30 April 2013

Bakkavor Estates Limited

Profit and loss account
52 weeks ended 29 December 2012

	Note	52 weeks ended 29 December 2012 £'000	52 weeks ended 31 December 2011 £'000
Turnover	4	6,606	6,742
Administrative expenses		(4,139)	(3,214)
Operating profit		2,467	3,528
Interest payable and similar charges	7	(2,606)	(1,205)
(Loss)/profit on ordinary activities before tax		(139)	2,323
Tax	8	(3,992)	(1,467)
(Loss)/profit for the period	5	(4,131)	856

All results relate to continuing operations The Company has no recognised gains and losses other than the (loss)/profit above and therefore no separate statement of comprehensive income is presented

The accompanying notes are an integral part of these financial statements

Statement of changes in equity
52 weeks ended 29 December 2012

	Share capital £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2011	-	7,000	(3,920)	3,080
Profit for the period	-	-	856	856
Balance at 31 December 2011	-	7,000	(3,064)	3,936
Loss for the period	-	-	(4,131)	(4,131)
Balance at 29 December 2012	-	7,000	(7,195)	(195)

Bakkavor Estates Limited

Balance sheet
29 December 2012

	Note	29 December 2012 £'000	31 December 2011 £'000
Fixed assets			
Investment properties	9	49,860	56,988
Current assets			
Debtors – amounts falling due within one year	10	72	7
Cash at bank and in hand		268	253
		340	260
Total assets		50,200	57,248
Creditors. amounts falling due within one year			
Trade and other payables	11	(50,395)	(53,312)
Total liabilities		(50,395)	(53,312)
Net (liabilities)/assets		(195)	3,936
Capital and reserves			
Share capital	12	-	-
Capital contribution reserve		7,000	7,000
Profit and loss account		(7,195)	(3,064)
Total shareholders' funds		(195)	3,936

The financial statements of Bakkavor Estates Limited, company number 06664921, and the accompanying notes which form an integral part of the financial statements were approved by the Board of Directors and authorised for issue on 30 April 2013 They were signed on behalf of the Board of Directors by

A Gudmundsson
Director

Bakkavor Estates Limited

Notes to the financial statements
52 weeks ended 29 December 2012

1. General information

Bakkavor Estates Limited along with its ultimate parent company and ultimate controlling party, Bakkavor Group Limited (formerly Bakkavor Holdings 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 activity of the Company is to hold all UK freehold property within the Bakkavor Group Limited Group

2. Significant accounting policies

Basis of accounting

As permitted under section 390 (3), the Company has taken the option to end its financial year on 29 December 2012 as it is not more than 7 days after or before the end of the year dated 31 December 2012

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 Accordingly, in the 52 week period ended 29 December 2012 the Company has undergone transition from reporting under IFRSs adopted by the European Union to Financial Reporting Standard 101, adopting the standard earlier than the 1 January 2015 effective date The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council This transition is not considered to have had a material effect on the financial statements

As permitted by Financial Reporting Standard 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, impairment of assets and related party transactions

Where relevant, 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 16

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 December 2015, to assess the level of finance required by the Company Refer to page 2, for the Directors' consideration of going concern

Foreign currencies

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

Revenue recognition

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term

2. Significant accounting policies (continued)

Operating profit

Operating profit is stated after depreciation and loss on disposal of property but before interest payable and similar charges

Taxation

The tax expense represents the sum of the tax currently payable

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

Investment properties

All investment properties are 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, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases

- Buildings - maximum period of 50 years

Freehold land is not depreciated

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis

An investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets Any gain or loss on the disposal or retirement of an investment property is determined by the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Profit and loss account

When the Directors approve a property to be available for sale it is reclassified as held for sale

Impairment of investment properties

Investment properties 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

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

2. Significant accounting policies (continued)

Financial assets (continued)

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

Loans and receivables

Trade debtors, loans and other debtors which are non-derivative financial assets with fixed or determined 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 debtors 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

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

Financial liabilities

Financial liabilities held by the Company are classified as other financial liabilities and 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

Equity instruments

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

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 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

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

2 Significant accounting policies (continued)

Impairment of financial assets (continued)

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

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the amount of the obligation cannot be measured reliably A contingent liability is not recognised but it is disclosed in the notes to the financial statements When an outflow becomes probable, it is recognised as a provision

3. **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, 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 to be relevant Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

Critical judgements in applying accounting policies

The following are areas of particular significance to the Company's financial statements and include the application of judgement, which is fundamental to the compilation of a set of financial statements

Uncollectible debtors, impairments, depreciation, taxes and contingencies

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

Notes to the financial statements (continued)
52 weeks ended 29 December 2012

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

Critical judgements in applying accounting policies (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, and believe, based on those forecasts and projections, that it is appropriate to prepare the financial statements of the Company on a going concern basis

In arriving at this conclusion the Directors considered the Company's cash reserves and its access to the Group's financing arrangements, which comprise £350 million of seven-year listed bonds issued in February 2011 and £350 million of bank facilities committed to June 2014 The Group is in advanced discussions with its lenders regarding the refinancing of these bank facilities Both the Group and its lenders are committed to the refinancing of both the Term loan and Revolving Credit Facility and the Board of the Group are confident of announcing new financing arrangements in the near future Importantly, the Group's liquidity remains particularly strong with £83 8 million of facilities undrawn as at 29 December 2012

The Group believes it is adequately placed to manage covenant compliance successfully despite the challenging macroeconomic environment In the event that conditions worsen, the Group has the flexibility to react by accessing additional working capital arrangements that have already been agreed with key stakeholders Further actions available to management may include a reduction to our capital expenditure programme and supply chain improvements

The Directors have received confirmation from certain group companies that payables due to those companies will not be called for a period of at least 12 months from the date of the signing of these accounts

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 For this reason, they continue to adopt the going concern basis in preparing the financial statements

4 Turnover

	52 weeks ended 29 December2012 £'000	52 weeks ended 31 December2011 £'000
Rental income	6,606	6,742

5. (Loss)/profit for the period

(Loss)/profit for the period is stated after charging

	52 weeks ended 29 December2012 £'000	52 weeks ended 31 December2011 £'000
Depreciation of investment properties	2,938	3,081
Loss on disposal of investment properties (note 9)	1,193	132

Notes to the financial statements (continued)
52 weeks ended 29 December 2012

6. Employees, Directors and auditor remuneration

The Company had no employees for the period ended 29 December 2012 (2011 nil)

The Directors received no remuneration for their services to the Company in the period ended 29 December 2012 (2011 £nil) as they were remunerated by another group company

Fees payable to the Company's auditor in respect of the statutory audit of the Company's financial statements for the period ended 29 December 2012 and for the prior period ended 31 December 2011 have been borne by Bakkavor Foods Limited

No non-audit fees were charged to the Company for the period ended 29 December 2012 (2011 £nil)

7. Interest payable and similar charges

	52 weeks ended 29 December2012 £'000	52 weeks ended 31 December2011 £'000
Interest on bank loans	-	18
Interest on loans from other group companies	2,606	1,187
	2,606	1,205

8. Tax

	52 weeks ended 29 December2012 £'000	52 weeks ended 31 December2011 £'000
Current tax		
UK corporation tax	3,992	1,467
Total current tax	3,992	1,467

The tax charge for the period can be reconciled to the (loss)/profit on ordinary activities before tax per the Profit and loss account as follows

	52 weeks ended 29 December 2012 £'000	%	52 weeks ended 31 December 2011 £'000	%
(Loss)/profit on ordinary activities before tax	(139)	100 0	2,323	100 0
Tax at the UK corporation tax rate of 24 5% (2011 26 5%)	(34)	(24 5)	615	26 5
Tax effect of expenses that are not deductible in determining taxable profit	1,012	728 1	852	36 7
Group relief charged at rate in excess of 24 5%	3,014	2,168 3	-	-
Tax charge and effective tax rate for the period	3,992	2,871 9	1,467	63 2

Notes to the financial statements (continued)
52 weeks ended 29 December 2012

8. Tax (continued)

During the period, the main UK corporation tax rate was reduced to 24%, which was substantively enacted on 26 March 2012 and became effective from 1 April 2012, and further reduced to 23%, which was substantively enacted on 3 July 2012 and will be effective from 1 April 2013

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget, December 2012 Autumn Statement and March 2013 Budget The changes propose to reduce the rate to 21% by 1 April 2014 and to 20% by 1 April 2015 The changes had not been substantively enacted at the Balance sheet date and therefore are not recognised in these financial statements

9. Investment properties

	Land and buildings £'000
Cost	
At 1 January 2012	67,005
Disposals	(5,775)
At 29 December 2012	61,230
Accumulated depreciation	
At 1 January 2012	(10,017)
Charge for the period	(2,938)
Disposals	1,585
At 29 December 2012	(11,370)
Carrying amount	
At 29 December 2012	49,860
At 31 December 2011	56,988

On the 21 August 2012 property with a carrying value of £3,990,000 was sold to a third party for £2,734,000, resulting in a loss on disposal of £1,256,000

On the 10 September 2012 property with a carrying value of £200,000 was sold to a third party for £263,000, resulting in a profit on disposal of £63,000

10 Debtors – amounts falling due within one year

	29 December 2012 £'000	31 December 2011 £'000
Trade debtors	8	-
Other debtors	64	7
	72	7

Trade and other debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost

Notes to the financial statements (continued)
52 weeks ended 29 December 2012

11. Trade and other payables

	29 December 2012 £'000	31 December 2011 £'000
Accruals for liabilities and charges	137	135
Amounts owed to other group companies	46,266	51,710
Current taxation - group loss relief	3,992	1,467
	50,395	53,312

12 Share capital

	29 December 2012 Number	£	31 December 2011 Number	£
Issued and fully paid				
Ordinary shares of £1 each	1	1	1	1

The Company has one class of ordinary shares, which carry no right to fixed income

13. Contingent liabilities

There were no legal claims or potential claims against the Company as at 29 December 2012 (2011 £nil)

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

14. Operating lease arrangements

The Company as lessor

	29 December 2012 £'000	31 December 2011 £'000
Minimum lease payments under operating leases recognised as income in the period	6,606	6,742

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

	Land and buildings	
	29 December 2012 £'000	31 December 2011 £'000
Operating leases which expire:		
Within one year	6,231	6,742
Within two to five years	24,924	26,968
After five years	35,828	45,508
	66,983	79,218

Notes to the financial statements (continued)
52 weeks ended 29 December 2012

14 Operating lease arrangements (continued)

The Company as lessor (continued)

The property rental income for the 52 week period ended 29 December 2012 was £6,606,000 all of which is leased under operating leases to other group companies (2011 £6,742,000) Direct operating expenses in the same period relating to the maintenance of investment properties was £nil (2011 £nil)

15. Events after the Balance sheet date

There were no significant events after the Balance sheet date

16. Controlling party

The Directors consider Bakkavor Finance (3) Limited to be the immediate parent company

On 27 September 2012, Bakkavor Group Limited (formerly Bakkavor Holdings Limited) became the parent company of the Bakkavor Group following a shareholder meeting of Bakkavör Group ehf (EHF) where it was agreed to implement a decrease in the share capital of EHF and to effect the distribution of EHF's shares in Bakkavor Group Limited to EHF's shareholders

The company name of Bakkavor Holdings Limited was formally changed to Bakkavor Group Limited to reflect its status as parent of the Bakkavor Group

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 West Marsh Road, Spalding, Lincolnshire, PE11 2BB, United Kingdom