

Company Registration No. 00156737

S&B Herba Foods Limited

Annual Report and Financial Statements

31 December 2010

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S&B Herba Foods Limited

Annual report and financial statements 2010

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S&B Herba Foods Limited

Officers and professional advisers

Directors

A Hernandez Callejas
F Hernandez Callejas
P J Cattaneo
R L Holben
R Lopez Relimpio

Secretary

P J Cattaneo

Registered Office

Berwick House
8-10 Knoll Rise
Orpington
Kent
BR6 OEL

Bankers

Citibank, N A
Canada Square
London
E14 5LB

Solicitors

Baker & McKenzie LLP
100 New Bridge Street
London
EC4V 6JA

Independent auditor

Deloitte LLP
Chartered Accountants
Gatwick

S&B Herba Foods Limited

Directors' report (continued)

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity

The principal activity of the company is the importing of produce for distribution to the grocery trade

Business review

The Company's principal activities during the year continued to be the milling of whole grain rice, rice flour, broken & kibbled rice, split peas and the trading of dried fruit, couscous, semolina, canned fruit and tomato paste

Turnover dropped by £6,220K compared with 2009 due to a reduction in the World Market Price for rice, however, we were able to maintain our budgeted cash margins and profit before tax was £8,529K. We worked very hard to reduce the overheads for the year and managed our working capital which reduced our interest year on year by £780K and £169K against plan respectively. The increase costs of fuel, which we had no control over showed minus £100K against plan. Our advertising spend reduced by £81K.

The Company's trading activities include the purchase of rice on international markets which bring exposures to interest and foreign currency fluctuations. The company has strict policies to manage these risks and these policies have not changed in the year. Value Sales are currently 75% rice and 25% none rice. All contracts covered by foreign currency are made within the group's policy.

Trading continued to be difficult throughout this period with much volatility in the raw material markets and restrictions on product availability from traditional markets.

During the year the company continued its capital investment programme with respect to the ongoing refurbishment of plant and machinery and the extension to warehouse facilities, a programme that will continue during the fiscal 2011 year.

The Directors are satisfied with the development of the business and do not foresee any material changes for the forthcoming year.

The company uses various financial instruments including loans, cash, equity investments, and various items, such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. In order to manage the company's exposure to those risks, in particular the company's exposure to currency risk the company enters into a number of derivative transactions including forward foreign currency contracts.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

Principal risks and uncertainties

The Company is exposed to changes in the price of rice on the open market, however we are fortunate to be represented by group companies in various rice growing regions of the world which gives us considerable strength in negotiating rice purchases from these origins.

Part of our rice milling activity directly serves the ethnic restaurant trade. Sales to this sector have reduced during fiscal 2010 due to the recession within the country with less people choosing to dine out. With the increase in VAT imposed from the beginning of 2011 we unfortunately do not see this situation improving. However, sales of rice to food manufacturers who prepare ready prepared dishes to supermarkets have improved.

Financial risk management objectives and policies

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

S&B Herba Foods Limited

Directors' report (continued)

Currency risk

The Company's trading activities include the purchase of rice on international markets which bring exposures to interest and foreign currency fluctuations. The company has strict policies to manage these risks and these policies have not changed in the year.

The company is exposed to transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the company does not hedge account.

About 10% of the company's sales are to customers in continental Europe. These sales are priced in sterling but invoiced in the currencies of the customers involved. The company policy is to eliminate all currency exposures on any balance not expected to mature within 30 days of it arising through the use of forward currency contracts.

Financial risk management objectives and policies (continued)

About 75% of the company's purchases are invoiced in Euros and US dollars, but sold in sterling. The company policy is to use forward currency contracts to minimise the risk associated with that exposure.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term flexibility is achieved by overdraft facilities.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Going concern

The directors carried out a review of the going concern status of the company by considering the anticipated level of future trading activity and the associated cash flow requirements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. On this basis the directors are satisfied that the company is a going concern.

Directors

The directors who served throughout the year were as follows:

A Hernandez Callejas
F Hernandez Callejas
P J Cattaneo
R L Holben
R Lopez Relimpio

Director's indemnities

The company has 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.

Supplier payment policy

It is the company's policy to agree terms of trade in advance with all suppliers, both locally and, where applicable, on a global basis and adhere to them. The amount of trade creditor days outstanding at the year end was 36 days (2009 – 27 days).

S&B Herba Foods Limited

Directors' report (continued)

Independent auditors and statement of provision of information to the independent auditors

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

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) 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 auditors are aware of that information

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

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



P J Cattaneo
Secretary

29 March 2011

S&B Herba Foods 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.

Independent auditor's report to the members of S&B Herba Foods Limited

We have audited the financial statements of S&B Herba Foods Limited for the year ended 31 December 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 22. 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year 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.

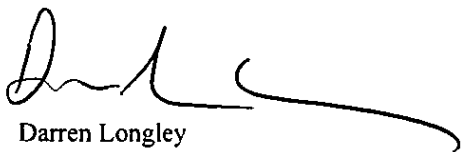
Opinion on other matter prescribed by the Companies Act 2006

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.



Darren Longley
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom

29 March 2011

S&B Herba Foods Limited

Profit and loss account

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	2	88,694	94,914
Cost of sales		(69,289)	(74,385)
Gross profit		19,405	20,529
Administrative expenses		(9,001)	(9,686)
Distribution costs		(1,943)	(1,845)
Other operating income		125	99
Operating profit	4	8,586	9,097
Other interest receivable and similar income	5	2	83
Interest payable and similar charges	6	(59)	(253)
Profit on ordinary activities before taxation		8,529	8,927
Tax on profit on ordinary activities	7	(2,518)	(2,613)
Profit on ordinary activities after taxation for the financial year	16	6,011	6,314

All the results derive from continuing operations

S&B Herba Foods Limited

Statement of total recognised gains and losses For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Reported profit on ordinary activities		6,011	6,314
Actuarial loss in pension plan	19	(225)	(855)
Deferred tax on defined benefit pension plan		61	217
Change in rate of deferred tax on defined benefit pension plan		(18)	-
		<u>(182)</u>	<u>(638)</u>
Total recognised gains relating to the year		<u><u>5,829</u></u>	<u><u>5,676</u></u>

S&B Herba Foods Limited

Balance sheet 31 December 2010

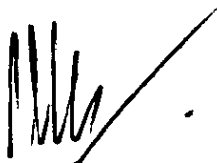
	Note	£'000	2010 £'000	2009 £'000
Fixed assets				
Intangible assets	8		5,270	5,577
Tangible assets	9		6,382	6,293
			<u>11,652</u>	<u>11,870</u>
Current assets				
Stocks	11	15,644		19,017
Debtors	12	21,714		14,237
Cash at bank and in hand		240		481
		<u>37,598</u>		<u>33,735</u>
Creditors: amounts falling due within one year	13	<u>(12,737)</u>		<u>(15,059)</u>
Net current assets			<u>24,861</u>	<u>18,676</u>
Total assets less current liabilities			<u>36,513</u>	<u>30,547</u>
Retirement benefit obligations	19		(1,500)	(1,326)
Provisions for liabilities	14		<u>(169)</u>	<u>(206)</u>
			<u>34,844</u>	<u>29,014</u>
Capital and reserves				
Called up share capital	15		1	1
Share premium account	16		8,230	8,230
Capital reserve	16		220	220
Profit and loss account	16		26,393	20,564
Total shareholders' funds	16		<u>34,844</u>	<u>29,014</u>

The financial statements of S&B Herba Foods Limited, registered number 00156737, were approved by the board of directors and authorised for issue on 29 March, 2011

Signed on behalf of the Board of Directors



P J Cattaneo
Director



R L Holben
Director

S&B Herba Foods Limited

Notes to the accounts For the year ended 31 December 2010

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement.

Basis of preparation

The directors carried out a review of the going concern status of the company by considering the anticipated level of future trading activity and the associated cash flow requirements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. On this basis the directors are satisfied that the company is a going concern.

Basis of consolidation

S&B Herba Foods Limited is exempt from the obligations to prepare group financial statements under s400 of the Companies Act 2006. Accordingly, these financial statements present information about S&B Herba Foods Limited as an individual undertaking and not as a group. The immediate parent company of S&B Herba Foods Limited is Ebro Puleva S A, a company incorporated in Spain. The results of S&B Herba Foods Limited are included in the consolidated financial statements of Ebro Puleva S A. Details of Ebro Puleva S A are given in note 22 to the financial statements.

Turnover

Turnover represents the invoiced value of goods and services to third parties excluding VAT. Revenue is recognised on delivery of goods to the customer.

Goodwill

On 2 December 2006 the trade and assets of Vogan & Co Limited and Joseph Heap & Sons Limited were hived up to the parent company at book value. No payment was made for the trades which was less than their fair value. As a result of the transfer, the value of the Company's investment in these subsidiary companies fell below the amount that was stated in the Company's accounting records. In 2006, Schedule 4 of the Companies' Act 1985 required that the investments be written down accordingly and that the amount be charged as a loss in the Company's income statement.

However, the directors considered that, as there was no overall loss to the Company, it would fail to give a true and fair view to charge that diminution to the Company's income statement for the year ended 31 December 2006, and it should instead be reallocated to goodwill. This goodwill is being amortised over its remaining useful economic life of twenty years commencing 1 January 2007. The effect of this departure was to increase the Company's profit for the financial year ended 31 December 2006 and the carrying value of its intangible fixed assets by £2.5m.

Fixed assets

All fixed assets are initially recorded at cost.

S&B Herba Foods Limited

Notes to the accounts For the year ended 31 December 2010

1 Accounting policies (continued)

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	- over 25 years
Plant and machinery	- over 10 years
Computer equipment	- over 5 years
Office and technical equipment	- over 3 to 7 years
Furniture	- over 7 to 10 years
Motor Vehicles	- over 5 years

Freehold land is not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Trademarks

Trademarks are included at cost and are not amortised as they are deemed to have an indefinite useful economic life. Trademarks are reviewed annually for impairment and a provision booked where necessary.

Stocks

Stocks are stated for each consignment at the lower of actual cost and net realisable value. Cost includes insurance, freight and duty charges incurred to bring the produce to UK warehouses.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Forward purchases and sales of goods are entered into in the ordinary course of business. When the forward purchase is payable in foreign currency, the company, in general, hedges it by the forward purchase of foreign currency. The hedged exchange rate is used to value this stock.

Taxation

Current tax, including UK corporation tax and foreign 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 taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions in foreign currencies are recorded at the hedged rate relating to purchases and sales of goods.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

S&B Herba Foods Limited

Notes to the accounts For the year ended 31 December 2010

1 Accounting policies (continued)

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Defined benefit pension scheme

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on the scheme assets are included in other financial costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Defined contribution pension scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

2 Turnover

Turnover and profit on ordinary activities before taxation is attributable to company's principal activity, the importing of produce for distribution to the grocery trade.

An analysis of turnover by geographical market by destination is given below.

	2010 £'000	2009 £'000
United Kingdom	85,461	91,713
Overseas	3,233	3,201
	<u>88,694</u>	<u>94,914</u>

S&B Herba Foods Limited

Notes to the accounts For the year ended 31 December 2010

3. Information regarding directors and employees

	2010 £'000	2009 £'000
Directors' remuneration:		
Emoluments	354	305
Pension contributions	52	44
	<u>406</u>	<u>349</u>
During the year no directors (2009 – none) participated in the defined benefit pension scheme and 2 directors (2009 – 2) participated in the defined contribution scheme		
The amounts set out above include remuneration in respect of the highest paid director as follows		
Emoluments	<u>177</u>	<u>155</u>
Company contributions paid to pension scheme	<u>26</u>	<u>23</u>
	No.	No
Average number of persons employed		
Sales	11	15
Administration	27	28
Production	57	53
	<u>95</u>	<u>96</u>
	£'000	£'000
Staff costs during the year:		
Wages and salaries	3,536	3,555
Social security costs	393	396
Other pension costs	357	302
	<u>4,286</u>	<u>4,253</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

S&B Herba Foods Limited

Notes to the accounts

For the year ended 31 December 2010

4 Profit before tax

	2010 £'000	2009 £'000
Profit before tax is stated after charging:		
Depreciation and amortisation		
Tangible fixed assets	730	727
Intangible amortisation	307	307
Rentals under operating leases		
Plant and machinery	4	4
Other	168	167
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's annual accounts	45	45
Other services - Tax services	7	6
	<u> </u>	<u> </u>

5. Interest receivable

	2010 £	2009 £
Interest receivable	2	8
Net exchange gains on retranslation of foreign currency balances	-	75
	<u> </u>	<u> </u>
	2	83
	<u> </u>	<u> </u>

6. Interest payable and similar charges

	2010 £'000	2009 £'000
Bank loans, overdrafts	13	198
Net finance charge in respect of defined benefit pension scheme	46	55
	<u> </u>	<u> </u>
	59	253
	<u> </u>	<u> </u>

S&B Herba Foods Limited

Notes to the accounts

For the year ended 31 December 2010

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

	2010 £'000	2009 £'000
Current tax		
United Kingdom corporation tax at 28% (2009 – 28%) based on the profit for the period	2,552	2,699
Total current tax	2,552	2,699
Deferred tax		
Timing differences, origination and reversal	(31)	(89)
Adjustments in respect of prior periods	(1)	
Effect of change in tax rate	(6)	-
	(37)	(89)
Adjustment in respect of defined benefit scheme	3	3
Total deferred tax	(34)	(86)
Total tax charge for year	2,518	2,613

(b) Factors affecting current tax charge for the year

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK 28% (2009 – 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation	8,529	8,928
Tax on profit on ordinary activities at standard rate	2,388	2,500
Effects of		
Disallowed expenses and non-taxable income	137	113
Capital allowances less than depreciation	31	31
Movement in provisions	(3)	55
Group relief claimed	(1)	-
Total actual amount of current tax	2,552	2,699

(c) Factors that may affect future tax charge

The Finance Act 2010, which provides for a reduction in the main rate of corporation tax from 28% to 27% effective from 1 April 2011, was substantively enacted on 21 July This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date

Subsequently the Government has further reduced the main rate of corporation tax from 27% to 26% effective from 1 April 2011 As it was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period

The Government intends to enact future reductions in the main tax rate of 1% each year down to 23% by 1 April 2014

We estimate that the future rate changes to 23% would further reduce our UK deferred tax liability provided at 31 December 2010 from £169,000 to £144,000 The actual impact will be dependent on our deferred tax position at that time

S&B Herba Foods Limited

Notes to the accounts For the year ended 31 December 2010

8. Intangible fixed assets

	Goodwill £'000	Trademarks £'000	Total £'000
At 1 January 2010 and 31 December 2010	5,984	516	6,500
Amortisation			
At 1 January 2010	923	-	923
Provided in the year	307	-	307
At 31 December 2010	1,230	-	1,230
Net book value			
At 31 December 2010	4,754	516	5,270
At 31 December 2009	5,061	516	5,577

The goodwill arose following the hive up of Vogan & Co Limited and Joseph Heap & sons Limited. The directors consider that the goodwill has a useful economic life of 20 years and it is amortised over this period commencing 1 January 2007.

9. Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Motor Vehicles £'000	Computer Equipment £'000	Office equipment £'000	Total £'000
Cost						
At 1 January 2010	4,116	3,828	-	937	236	9,117
Additions	399	378	26	12	4	819
Disposals	-	(84)	-	-	(4)	(88)
At 31 December 2010	4,515	4,122	26	949	236	9,848
Accumulated depreciation						
At 1 January 2010	409	1,398	-	814	203	2,824
Provided in the year	136	497	4	87	6	730
Disposals	-	(84)	-	-	(4)	(88)
At 31 December 2010	545	1,811	4	901	205	3,466
Net book value						
At 31 December 2010	3,970	2,311	22	48	31	6,382
At 31 December 2009	3,707	2,430	1	123	33	6,293

S&B Herba Foods Limited

Notes to the accounts For the year ended 31 December 2010

10. Fixed asset investments

	2010 £'000	2009 £'000
Cost and net book value		
At 1 January 2010 and 31 December 2010	-	-

Subsidiary undertakings	Proportion of issued ordinary share capital	Nature of business
Joseph Heap & Sons Limited	100%	Dormant
Vogan & Company Limited	100%	Dormant
Riviana Foods Limited	100%	Dormant

None of the above companies traded in the year ended 31 December 2010

11. Stock

	2010 £'000	2009 £'000
Raw material	11,450	12,543
Work in progress	591	777
Finished goods	3,603	5,697
	<u>15,644</u>	<u>19,017</u>

12 Debtors

	2010 £'000	2009 £'000
Trade debtors	14,303	13,255
Amounts due from fellow group undertakings	6,967	422
VAT	241	229
Other debtors	2	3
Prepayments	201	328
	<u>21,714</u>	<u>14,237</u>

13 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	2,115	2,990
Amounts owed to fellow group undertakings	3,521	6,127
Current corporation tax	1,359	1,617
Other taxes and social security	56	65
Accruals	5,686	4,260
	<u>12,737</u>	<u>15,059</u>

S&B Herba Foods Limited

Notes to the accounts For the year ended 31 December 2010

14. Provisions for liabilities

	Deferred taxation £'000
At 1 January 2010	206
Utilised during the year	(31)
Effect of change in rate	(6)
	<u>169</u>
At 31 December 2010	<u>169</u>

Deferred taxation

Deferred tax is provided as follows

	2010 £'000	2009 £'000
Capital allowances in advance of depreciation	206	295
Other timing differences	(31)	(89)
Effect of change in rate	(6)	(89)
	<u>169</u>	<u>206</u>

Deferred tax in respect of the Company's defined benefit pension scheme is disclosed in note 19

15 Called up share capital

	2010 £'000	2009 £'000
Called up, allotted and fully paid:		
40,808 (2009 – 40,808) ordinary shares of £0.01 each	<u>1</u>	<u>1</u>

16 Reconciliation of movements in shareholders' funds and statement of movement on reserves

	Share capital £'000	Share premium £'000	Capital reserve £'000	Profit and loss account £'000	2010 Total £'000	2009 Total £'000
At 1 January 2010	1	8,230	220	20,564	29,014	23,335
Profit for the financial year	-	-	-	6,011	6,011	6,314
Defined pension benefit scheme	-	-	-	(182)	(182)	(635)
	<u>1</u>	<u>8,230</u>	<u>220</u>	<u>26,393</u>	<u>34,844</u>	<u>29,014</u>

The capital reserve arose from the Company's purchase of its own shares

S&B Herba Foods Limited

Notes to the accounts

For the year ended 31 December 2010

17. Letters of credit and guarantees

In the normal course of business the company issues duty deferment guarantees to HM Customs & Excise, and guarantees to indemnify ship owners for incomplete documentation. The value of the guarantees at the year end was £6,685,000 (2009 £7,985,000)

18 Fair value currency contract

As at 31 December 2010 the company had entered into forward contracts which are not included at fair value in the accounts

	Principal	Fair Value
	£000	2010 £000
Forward exchange contracts	18,034	43

19. Pensions

Defined benefit pension scheme

The valuation used for the FRS 17 disclosures has been based on the most recent actuarial valuation at 31 December 2009 by a qualified independent actuary. Scheme assets are stated at their market values at the respective balance sheet dates. There were no outstanding contributions at either year end.

Main assumptions	2010 %	2009 %
Rate of salary increases	3.50	3.50
Rate of increase in pension in payment	3.40	3.40
Discount rate	5.50	5.80
Inflation assumption	3.50	3.50
Mortality assumption	PNXA00 with long cohort projection subject to a minimum rate of improvement of 1% per annum	PNXA00 with long cohort projection subject to a minimum rate of improvement of 1% per annum

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19 Pensions (continued)

The assets and liabilities of the scheme and the expected rate of return at the balance sheet date were

	31 December 2010		31 December 2009		31 December 2008	
	Long-term rate of return expected %	Value £000	Long-term rate of return expected %	Value £000	Long-term rate of return expected %	Value £000
Equities	7.8	4,336	8.0	4,826	8.00	4,115
Gilts	4.3	876	4.5	50	-	-
Bonds	5.5	877	5.8	180	7.20	198
Cash	0.5	275	0.5	886	2.00	805
Property	-	-	7.0	8	7.00	12
Total market of assets		6,364		5,950		5,130
Present value of scheme liabilities		(8,419)		(7,792)		(6,127)
Pension liability before deferred tax		(2,055)		(1,842)		(997)
Related deferred tax asset		555		516		299
Net pension liability		(1,500)		(1,326)		(698)

Analysis of movement in deficit during the year.

	2010 £000	2009 £000
Deficit in scheme at beginning of period	(1,842)	(997)
Current service cost	(14)	(7)
Contributions paid	72	72
Other finance charge	(46)	(55)
Actuarial loss	(225)	(855)
Deficit in the scheme at the end of year	(2,055)	(1,842)

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Notes to the accounts For the year ended 31 December 2010

19 Pensions (continued)

An analysis of the defined benefit cost is as follows

	2010 £000	2009 £000
Current service cost	(14)	(7)
Total operating charge	<u>(14)</u>	<u>(7)</u>
Expected return on pension assets	400	349
Interest on pension scheme liabilities	<u>(446)</u>	<u>(404)</u>
Total other finance charge	<u>(46)</u>	<u>(55)</u>
	2010 £000	2009 £000
Actual return less expected return on pension scheme assets	155	621
Experience losses arising on scheme liabilities	<u>33</u>	<u>(33)</u>
Gain arising from changes in assumptions underlying the present value of scheme liabilities	<u>(413)</u>	<u>(1,443)</u>
Actuarial gain recognised in the statement of recognised gains and losses	<u>(225)</u>	<u>(855)</u>

History of experience gains and losses*

	2010 %	2010 £000	2009 %	2009 £000	2008 %	2008 £000	2007 %	2007 £000	2006 %	2006 £000
Actual return less expected return on scheme assets		155	10%	621	(31%)	1,584	4%	203	2%	179
Experience losses arising on scheme liabilities	%	33	0.4%	(33)	0.1%	(7)	(5%)	(343)	(4%)	(392)
Changes in assumptions underlying the present value of scheme liabilities	%	<u>(413)</u>	19%	<u>(1,443)</u>	39%	<u>(2,397)</u>	15%	<u>1,020</u>	6%	<u>892</u>
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	%	<u>(225)</u>	(14%)	<u>(855)</u>	16%	<u>(820)</u>	14%	<u>907</u>	6%	<u>612</u>

19 Pensions (continued)

S&B Herba Foods Limited

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For the year ended 31 December 2010

Plan assets

	2010 £000	2009 £000
Beginning balance	5,950	5,130
Expected return on scheme assets	400	349
Actuarial gains on assets	155	621
Benefits paid	(215)	(224)
Employer contribution	72	72
Member contributions	2	2
Closing balance	6,364	5,950

Plan liabilities

	2010 £000	2009 £000
Beginning balance	7,792	6,127
Current service cost	14	7
Interest cost	446	404
Benefits paid	(215)	(224)
Actuarial (gains) on liabilities	380	1,476
Member contributions	2	2
Closing balance	8,419	7,792

Defined contribution scheme

Pension contributions in respect of the defined contribution scheme to which S&B Herba Foods Limited is the principal employer totalled £343,000 (2009 £302,000)

20. Financial commitments

At 31 December 2010, the company had annual commitments under non-cancellable operating leases as follows

	2010			2009		
	Leasehold property £'000	Office equipment £'000	Motor vehicles £'000	Leasehold property £'000	Office equipment £'000	Motor vehicles £'000
Leases which expire:						
In one year or less	-	-	25	-	-	45
Between one and five years	63	4	61	63	4	52
	63	4	86	63	4	97

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For the year ended 31 December 2010

21. Related party transactions

As a wholly owned subsidiary of Ebro Puleva S A the company is exempt from requirements of FRS8 to disclose transactions to other members of the group headed by Ebro Puleva S A

The company purchased goods from Boost Nutrition C V , a company based in Belgium in which the company's ultimate parent company has a 49% stake Goods supplied during the year under this arrangement amounted to £531,058 (2009 £1,268,754) and the balance due to the company at the financial period end was £nil (2009 £27,704)

22 Ultimate parent undertaking

The ultimate parent company and controlling party is Ebro Puleva S A , which is incorporated in Spain

The financial statements of Ebro Puleva S A , which represents the smallest and largest group in which the company is consolidated, are available from Ebro Puleva S A , Paseo de Castellana, 20, 28046 Madrid, Spain