Company number: 00625299

BERNARD MATTHEWS LIMITED

Annual report and financial statements for the financial year ended 28 June 2015

Contents

Strategic report

The Directors present their strategic report on the Bernard Matthews Limited Group (the "Group") for the financial year ended 28 June 2015. For the purposes of these financial statements the term 'year' represents the 364 days to 28 June 2015.

Business review
Group sales for the year to 28 June 2015 were £276,705,000 (2014: £306,801,000) generating an operating loss before exceptional costs of £859,000 (2014: £427,000). The loss on ordinary activities before taxation for the year was £3,663,000 after exceptional charges of £72,000 (2014: loss of £8,509,000 after exceptional charges of £4,739,000). Net assets were £11,020,000 (2014: £20,750,000).

The new management team established at the beginning of the financial year have driven key improvements in all areas of the business, resulting in a significant step change in the following areas:

- The planning, execution and cost control throughout the Christmas 2014 campaign.
- Development of strategic relationships with key retailers to enable longer term planning and stability.
  Continued improvement in agricultural management which has led to benefits in both bird health and performance.

A strategic plan for the business has now been established which focusses on three key pillars as enablers of growth. Work is underway in each of these areas, which encompass the following:

- **Land utilisation** – optimising the return from our extensive asset base through Green Energy initiatives. Our work in this area over the last few years was demonstrated by Bernard Matthews winning the Grocer Gold award for "Green Initiative of the Year".

- **Core regeneration** – reinvigorating the brand, maximising our Christmas return and increasing our share of retailer branded turkey products in our current categories. In addition further focus will be required on our cost base to maintain our competitive advantage in the market. A significant brand relaunch has been enacted subsequent to the year end supported by an investment in a high profile TV sponsorship campaign.

- **Business transformation** – Extending our expertise into new markets/channels. Looking at poultry in a much wider sense to complement and leverage our core turkey skills.

The business continues to benefit from the support of its investors and lenders, recently demonstrated by additional funding of £10m in August 2015. This will provide the investment required to deliver the strategic growth plan, particularly focused on supporting the core regeneration and the business transformation activities.

Exceptional Costs
Exceptional costs of £72,000 (2014: £4,739,000) in relation to the restructuring and of the business were incurred during the year. These have been detailed in note 3 to the financial statements.

Going Concern
The Directors are required to be satisfied that the Group has adequate resources to continue in business for the foreseeable future. The validity of this assumption depends upon the ability of the Group to meet its cash flow forecasts and on the continuing operation within the covenant requirements of the secured lending facilities. With the investment by Rutland and the renewal of the secured lending facility through to August 2018 the Directors are of the opinion that has the Group has sufficient funds to meet its liabilities as they fall due and have prepared the financial statements on a going concern basis.

The directors have received confirmation from the parent company, Bernard Matthews Holdings Limited, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

Details of agreed facilities are shown below:

UK Facilities
In August 2013, as part of the Rutland investment, the Group's secured lending facilities were renewed and extended through to August 2018. As part of the renewal negotiations the banking covenants were also renegotiated. The Directors have produced forward projections through to June 2018 which support the ability of the Group to operate within the financial and non-financial covenants agreed within that facility.

Hungarian Facilities
The agreement with CIB Bank Zrt extends through to February 2017. The Directors of SáGa Foods Zrt have produced forward projections which support the ability of the SáGa Foods Zrt business to operate within the financial requirements of the agreement.

Proforma balance sheet
Presented below is a proforma balance sheet which overlays the impact of a recent valuation of certain of the Group's freehold properties on the balance sheet as at 28 June 2015.

Proforma consolidated balance sheet	Audited balance sheet at 28 June 2015	Adjustments	Proforma balance sheet
	£000's	£000's	£000's
Fixed assets	59,513	42,200	101,713
Current assets	120,016	-	120,016
Current liabilities			
– Bank loans and overdrafts	(38,304)	-	(38,304)
– Other creditors	(90,766)	-	(90,766)
Net current (liabilities)/assets	(9,054)	-	(9,054)
Total assets less current liabilities	50,459	42,200	92,659
Creditors: amounts falling due after more than one year			
– Bank loans and overdrafts	(21,912)	-	(21,912)
– Other creditors	(713)	-	(713)
Net assets excluding pension deficit	27,834	42,200	70,034
Pension deficit	(16,744)	-	(16,744)
Net assets including pension deficit	11,090	42,200	53,290

The Group's UK land and buildings were professionally valued on an existing use basis in April 2013 at £71.3m. This was £42.2m in excess of the carrying value of the assets valued at that time. In the opinion of the Directors the remaining land and buildings held elsewhere in the Group have an open market value in excess of the net book value but this has not been quantified.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks and uncertainties are considered to relate to the current economic climate, movements in feed costs related to the availability of key ingredients, competition from cheaper overseas poultry producers, managing the production of birds to match anticipated but uncertain demand, the potential effects of widespread poultry disease and the need to maintain and enhance the Bernard Matthews Limited and Sága Foods RT brands. The board of Directors monitors the key risks that the Group is subject to with a view to managing, where possible, the potential impacts.

The Group continuously strives to maintain high standards of biosecurity.

Key performance indicators

The key performance indicators used by the Directors are sales, profit or loss to sales ratio and pre-exceptional operating profit or loss.

Key financial performance indicators	**2015**	2014
	£'000s	£'000s
Sales	**276,705**	306,801
Pre-exceptional operating loss to sales ratio	**(0.31)%**	(0.14)%
Pre-exceptional operating loss	**(859)**	(427)

On behalf of the board

R Burnett
Director
4th November, 2015

Directors' report

The Directors present their report and audited consolidated financial statements for the financial year ended 28 June 2015.

Dividends
The Directors are unable to recommend a final dividend for the financial year ended 28 June 2015 (2014: £nil).

Financial risk management
The Group's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management program that seeks to limit adverse effects on the financial performance of the Group. The policies set by the board of Directors are implemented by the Group's finance department.

Price risk
The Group is exposed to commodity price risk as a result of its operations. This is managed partially using raw material futures contracts. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk
The Group has policies which require appropriate credit checks on potential customers. The Group has managed its exposure to credit risk by virtue of its diverse customer base.

Liquidity risk
The Group retains sufficient cash and facilities to ensure it has sufficient available funds for operations and planned expansions.

Interest rate risk
The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, which attract interest at a floating rate. Interest bearing liabilities include bank loans, overdrafts and finance leases which attract interest at both fixed and floating rates. The Group uses interest rate swaps where appropriate to partially manage the interest rate risks arising from the Group's operations and its sources of finance. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Directors
The Directors who held office at 28 June 2015 and throughout the year up to the date of signing the financial statements, unless stated otherwise, were:

D Joll
Z Williamson
R Burnett (appointed 30 June 2014)

Company Secretary
Y Goldingham

Going concern
As detailed within the Strategic report, with the investment by Rutland and the renewal of the secured lending facility through to August 2018, the Directors are of the opinion that has the Group has sufficient funds to meet its liabilities as they fall due and have prepared the financial statements on a going concern basis.

Future developments
The future developments of the business are detailed within the Strategic report, and include land utilisation, core regeneration and business transformation.

Research and development
New product development is an essential feature of future Group expansion. The Group also maintains separate livestock research facilities, the principal objectives of which are the welfare of turkeys and the efficiency of turkey production.

Changes in fixed assets
Movements in fixed assets during the year are set out in note 11 to the financial statements.

Disabled employees
The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees irrespective of sex, orientation, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement
Employee involvement, consultation and development fulfil key roles in achieving the Group's trading and manufacturing strategies.

The demands of keeping pace with this changing employment scene are positively responded to by a significant training plan covering all employment areas.

There has been a continuing focus on developing the leadership skills of senior management within the business as part of the Group's talent management strategy, which seeks to develop, retain and attract talent.

Recognition of particular skills developed by staff within the Group is encouraged through development of relevant qualifications with local colleges, the University of East Anglia and professional institutes. The business also offers annual scholarships to agriculture students at Harper Adams University College providing course fees and one year employment placement. Apprenticeships are also important and the Group continues to offer opportunities to young people to develop their skills.

Regular business updates on noticeboards, an internal newsletter and the intranet are an important aid in keeping staff informed of Group activities. In addition regular update meetings are held between managers and staff across the business. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the business plays a major role in maintaining and improving the Group's performance. The Group encourages the involvement of employee's by means of an annual management bonus scheme, which is aligned to the objectives of the business and is used to drive improved performance.

The Group continues to advance its diversity programme with the workforce comprising 30 different nationalities. The Group was singled out for praise in a recent Equality & Human Rights Commission Inquiry Report into Recruitment and Employment in the Meat and Poultry Industry, and has subsequently played a positive role in the Equality & Human Rights Commission taskforce. The Group works closely with its union, customers and labour suppliers to ensure that it continues to be a highly responsible employer.

Health and Safety at work practices remain under constant review and development to allow the Group to keep pace with changing legislation and best practice.

Charitable and political donations
For the financial year ended 28 June 2015 the Group made charitable contributions of £5,000 (2014: £11,000) to a variety of national and local charities. Some of these contributions were made to the Bernard Matthews Limited Fund, administered by the Norfolk Community Foundation, which aims to support a wide range of charitable and community activities throughout Norfolk, North Suffolk and Lincolnshire. No contributions were made to political organisations (2014: £nil).

Directors' third-party indemnity provisions
A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 exists for the benefit of each of the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. This provision was in force throughout the year, and at the date of approval of the financial statements. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the financial year, and at the date of approval of the financial statements.

Statement of disclosure of information to auditors
So far as each Director is aware, there is no relevant information of which the Group's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Statement of directors' responsibilities

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 prepared the Group and Parent Company 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

R Burnett
Director

4th November, 2015

Independent auditors' report
to the members of Bernard Matthews Limited

Report on the financial statements

Our opinion

In our opinion, Bernard Matthews Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 28 June 2015 and of the group's loss 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheets as at 28 June 2015;
- the consolidated profit and loss account and the consolidated statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report continued
to the members of Bernard Matthews Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 6, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 group's and 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

Andy Grimbly

Andy Grimbly (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich
4 November 2015

Consolidated profit and loss account
for the financial year ended 28 June 2015

	Notes	2015 £000's	2014 £000's
Turnover	2	**276,705**	306,801
Group operating loss before exceptional costs		**(859)**	(427)
Exceptional operating costs	3	**(72)**	(1,978)
Group operating loss after exceptional costs	2,3	**(931)**	(2,405)
Share of operating loss of joint venture		**(164)**	(157)
Exceptional costs – closure of production facility	3	-	(2,104)
Loss before interest and tax: Group and share of joint ventures		**(1,095)**	(4,666)
Net interest payable and similar charges	5	**(2,512)**	(3,007)
Exceptional finance costs	3	-	(657)
Other finance charge	10	**(56)**	(179)
Loss on ordinary activities before taxation	2	**(3,663)**	(8,509)
Tax on loss on ordinary activities	6	**(703)**	(827)
Loss on ordinary activities after taxation		**(4,366)**	(9,336)
Equity minority interests		**67**	51
Loss for the financial year	21	**(4,299)**	(9,285)

All items dealt with in the profit and loss account relate to continuing operations.

There is no difference between the loss on ordinary activities before taxation, and the loss for the financial year stated above and their historical cost equivalents.

Consolidated statement of total recognised gains and losses
for the financial year ended 28 June 2015

	2015 £000's	2014 £000's
Loss for the financial year	**(4,299)**	(9,285)
Actuarial losses on pension scheme (note 10)	**(5,406)**	(3,059)
Movement on deferred tax relating to pension liability (note 19)	**932**	612
Currency translation differences on foreign currency net investments	**(863)**	(1,203)
Total recognised losses relating to the financial year	**(9,636)**	(12,935)

Balance sheets
as at 28 June 2015

	Notes	Group 2015 £000's	Group 2014 £000's	Company 2015 £000's	Company 2014 £000's
Fixed assets					
Tangible assets	11	**59,879**	61,053	**28,676**	24,864
Investments	12	**8**	15	**15,726**	15,726
Investments in joint venture:	12				
Gross assets		**2,238**	1,592	-	-
Gross liabilities		**(2,612)**	(1,847)	-	-
		(374)	(255)	-	-
		59,513	60,813	**44,402**	40,590
Current assets					
Stocks	13	**59,613**	50,034	**54,131**	42,815
Assets held for sale	14	**1,258**	107	-	-
Debtors: Amounts falling due within one year	15	**40,471**	42,738	**34,119**	40,350
Debtors: Amounts falling due after more than one year	15	**14,519**	15,055	**5,691**	6,290
Cash at bank and in hand		**4,155**	4,066	**2,571**	1,706
		120,016	112,000	**96,512**	91,161
Creditors: Amounts falling due within one year					
Bank loans and overdrafts	16	**(38,304)**	(28,655)	**(30,774)**	(16,612)
Trade and other creditors	17	**(90,766)**	(90,588)	**(95,633)**	(92,269)
Net current liabilities		**(9,054)**	(7,243)	**(29,895)**	(17,720)
Total assets less current liabilities		**50,459**	53,570	**14,507**	22,870
Creditors: Amounts falling due after more than one year					
Bank loans and overdrafts	16	**(21,912)**	(18,908)	**(19,627)**	(17,823)
Other creditors	17	**(713)**	(892)	-	-
Provisions for liabilities	18	-	(6)	-	(6)
Net assets excluding pension liability		**27,834**	33,764	**(5,120)**	5,041
Pension liability	10	**(16,744)**	(13,014)	**(16,744)**	(13,014)
Net assets/(liabilities) including pension liability		**11,090**	20,750	**(21,864)**	(7,973)

Balance sheets
as at 28 June 2015

		Group		Company	
		2015	2014	**2015**	2014
	Notes	**£000's**	£000's	**£000's**	£000's
Capital and reserves					
Called up share capital	20	**31,529**	31,529	**31,529**	31,529
Share premium account	21	**1,373**	1,373	**1,373**	1,373
Revaluation reserve	21	**4,795**	4,795	**-**	-
Capital redemption reserve	21	**951**	951	**951**	951
Other reserve	21	**4,609**	4,609	**4,609**	4,609
Profit and loss account	21	**(32,197)**	(22,561)	**(60,326)**	(46,435)
Total shareholders' funds/(deficit)	22	**11,060**	20,696	**(21,864)**	(7,973)
Minority interests		**30**	54	**-**	-
Capital employed		**11,090**	20,750	**(21,864)**	(7,973)

The financial statements on pages 9 to 36 were approved by the board of directors on 4th November, 2015 and signed on its behalf by:

R Burnett
Director

Company number: 00625299

1 Accounting policies

(a) Basis of financial statements
The Group prepares its financial statements on a going concern basis, under the historic cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

The accounting years of the Group end on the Sunday nearest to 30 June, which results in financial years of either 52 or 53 weeks. The Company has decided not to apply the exemption available under Section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The Company has, however, taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard ('FRS') 1 'Cash Flow Statements (revised 1996)', as its cash flows are included in the financial statements of Bernard Matthews Holdings Limited. In accordance with the exemption provided under Section 408 of the Companies Act 2006, the profit and loss account of the Parent Company is not published. The Group financial statements incorporate the financial statements of Bernard Matthews Limited and all its subsidiaries to 28 June 2015. The results of subsidiaries are included from the date of acquisition. Intra group sales and profits are eliminated on consolidation. Accounting policies have been applied uniformly across the Group.

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the gross equity method.

(b) Going concern
After considering the cash flow projections prepared for the period to the end of August 2018, the Directors believe the Group has sufficient funds to meet its liabilities as they fall due and have accordingly prepared the financial statements on a going concern basis. Details of the facilities are shown below.

UK Facilities
In August 2013, as part of the Rutland investment, the Group's secured lending facilities were renewed and extended through to August 2018. As part of the renewal negotiations the banking covenants were also renegotiated. The Directors have produced forward projections through to June 2018 which support the ability of the Group to operate within the financial and non-financial covenants agreed within that facility.

Hungarian Facilities
The agreement with CIB Bank Zrt extends through to February 2017. The Directors of SáGa Foods Zrt have produced forward projections which support the ability of the SáGa Foods Zrt business to operate within the financial requirements of the agreement.

(c) Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an non-discounted basis.

1 Accounting policies continued

(d) Turnover
Turnover is recognised on date of despatch. Total turnover represents deliveries at invoice value to external customers less returns, discounts and allowances.

(e) Stocks
Stocks are valued at the lower of cost and net realisable value on a first in first out basis. Finished goods and work in progress are valued at the lower of cost of production, including directly attributable overheads and estimated realisable value.

(f) Leased assets
Costs in respect of operating leases are charged against operating profit on a straight-line basis over the term of the relevant lease. Leasing contracts which transfer to the Group substantially all the benefits and risks of ownership of an asset (finance leases) are treated as if the asset had been purchased outright.

The assets are capitalised at the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation on the relevant assets is charged at the appropriate rate as shown in note 1(h) or the lease term if shorter. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the annuity method. Assets which have been sold and leased back are accounted for under FRS 5 'Reporting the Substance of Transactions' to reflect the substance of the underlying transaction. No profit is recognised on those assets previously owned and subsequently sold and leased back.

(g) Software
Software costs are written off as incurred, except for purchases from third parties in respect of major systems. In such cases, the costs are written off over a year of between two and seven years from the date of implementation.

(h) Tangible fixed assets
Tangible assets are stated at historic purchase cost or valuation less accumulated depreciation. The Group has elected not to adopt a policy of revaluation, but to retain book amounts that reflect previous valuations as permitted under the transitional arrangements of FRS 15 'Tangible fixed assets'. Depreciation is first charged when tangible assets are brought into use and is calculated to write off the cost in equal annual instalments at the following principal rates:

Freehold land and buildings	Nil-10 %
Plant and machinery (including poultry houses & vehicles)	2-33%
Fixtures and fittings (including software)	15-20%
Assets in course of construction	Nil

The carrying value of the Group's assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

(i) Foreign currencies
All foreign currency monetary assets and liabilities are translated into sterling at rates of exchange ruling at the end of the financial year. The results of foreign subsidiaries are translated at average rates of exchange for the financial year. Differences on exchange arising from the retranslation of the opening net investment in subsidiaries at the closing rate of exchange and from the translation of the results of those companies at average rates are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the financial year in which they arise.

(j) Provisions
The Group makes provisions for liabilities and charges when it has a legal or constructive obligation arising from a past event in accordance with FRS 12 'Provisions, Contingent Liabilities and Contingent Assets'.

1 Accounting policies continued

(k) Pension scheme arrangements
The pension schemes of the Group are externally managed. The Group has a defined benefit scheme which is closed to further accrual and an active defined contribution scheme. The pension cost of the defined contribution scheme is charged to the profit and loss account in the financial year to which it relates. The interest on liabilities for defined benefit schemes is, in accordance with FRS 17 'Retirement Benefits', charged to the profit and loss account. The expected return on assets is credited to the profit and loss account. Actuarial gains and losses on the assets and liabilities of the scheme are recognised through the statement of total recognised gains and losses.

(l) Research and development
Research and development expenditure is charged to the profit and loss account in the financial year in which it is incurred.

(m) Financial instruments
As the Group has not elected to adopt FRS 26 'Financial Instruments: Measurement', it is entitled to, and has claimed exemption from, the disclosure requirements of FRS 29 'Financial Instruments: Presentation'.

Financial assets and financial liabilities are recognised upon becoming a party to the contractual provisions of the instrument.

Trade debtors
Trade debtors are not interest bearing and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade creditors
Trade creditors are not interest bearing and are stated at their nominal value.

Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Other financial instruments
The Group uses other financial instruments (principally raw material futures contracts) to manage the interest rate and currency risks arising from the Group's operations and its sources of finance, and the risk of movements in raw material purchase prices.

Gains or losses on foreign currency hedges and raw material hedges are recognised in line with the underlying transaction. The Group does not trade in financial instruments.

(n) Cost of capital instruments
Capital instruments are initially recorded net of finance costs incurred in respect of the instrument. The costs are then charged to the profit and loss account over the term of the instrument to which the costs relate.

(o) Government grants
Grants received to assist with the purchase of tangible fixed assets are amortised over a year to match the life of the asset acquired.

(p) Goodwill
Goodwill, being the excess of the consideration paid for a business over the fair value of its assets, is capitalised and amortised evenly over its useful economic life which the Directors have determined to be twenty years.

Goodwill is reviewed for impairment at the end of the first full year following acquisition and in other years if events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the financial statements for the financial year ended 28 June 2015
continued

2 Turnover

The analyses by geographical area of the Group's turnover is set out below:

	Turnover by origin 2015 £000's	**Turnover by destination 2015 £000's**	Turnover by origin 2014 £000's	Turnover by destination 2014 £000's
Western Europe	**258,343**	**257,373**	283,744	283,756
Other, including Hungary	**19,061**	**19,332**	24,795	23,045
	277,404	**276,705**	308,539	306,801
Inter-area sales	**(699)**	**-**	(1,738)	-
Total turnover	**276,705**	**276,705**	306,801	306,801

Loss on ordinary activities before taxation per area of origin

	2015 £000's	2014 £000's
Western Europe	**(736)**	(3,825)
Other, including Hungary	**(195)**	1,420
Group operating loss	**(931)**	(2,405)
Exceptional costs – closure of production facility (note 3) – Western Europe	**-**	(2,104)
Share of operating loss in joint venture	**(164)**	(157)
Net interest and other finance charges	**(2,568)**	(3,843)
Loss on ordinary activities before taxation	**(3,663)**	(8,509)

Net assets per segment of origin

Western Europe	**63,247**	60,995
Other, including Hungary	**3,904**	3,252
	67,151	64,247
Net borrowings	**(56,061)**	(43,497)
Net assets	**11,090**	20,750

In the opinion of the Directors the disclosure of further segmental information relating to disaggregated geographical areas would be seriously prejudicial to the interests of the Group and has not therefore been provided.

3 Operating loss

		2015 £000's	2014 £000's
Turnover		**276,705**	306,801
Change in stocks of finished goods and in work in progress		**(10,430)**	6,552
Own work capitalised		**(110)**	(421)
Other operating income		**(1,965)**	(2,565)
Raw materials and consumables		**141,408**	160,786
Other external charges		**22,281**	19,254
Staff costs (note 9)	Exceptional costs	**72**	-
	Other	**60,009**	62,270
		60,081	62,270
Depreciation and other amounts charged to tangible assets		**8,646**	8,980
Other operating charges	Exceptional costs	**-**	1,978
	Other	**57,725**	52,372
		57,725	54,350
		277,636	309,206
Group operating loss after exceptional costs		**(931)**	(2,405)

Exceptional costs

The following exceptional costs have been recognised in the year:

	2015 £000's	2014 £000's
Staff costs		
- redundancy costs arising on restructuring	**(72)**	-
	(72)	-
Other operating charges		
- provision releases	-	446
- items identified relating to prior periods	-	(2,424)
	-	(1,978)
Closure of production facility		
- redundancy costs	-	(323)
- goodwill impairment	-	(924)
- impairment of tangible assets	-	(599)
- other costs	-	(258)
	-	(2,104)
Finance costs		
- write-off of unamortised costs relating to a renegotiated financing facility	-	(657)
	-	(657)
Total exceptional costs	**(72)**	(4,739)

3 Operating loss continued

	2015 £000's	2014 £000's
Operating loss is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
- Owned assets	**8,038**	8,792
- Leased assets	**608**	188
Profit on disposal of fixed assets	**(329)**	(208)
Amortisation of grants received	**(6)**	(122)
Operating lease charges		
- Land and buildings	**2,196**	2,108
- Plant and machinery	**2,164**	1,231
- Other	**195**	306
Research and development	**2,828**	2,507
Currency exchange differences	**429**	(344)

4 Services provided by the Group's auditors and network firms

During the financial year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors and network firms at costs as detailed below.

	2015 £000's	2014 £000's
Audit services		
- Fees payable to the Company's auditors for the audit of Parent Company	**81**	77
- Fees payable to the Company's auditors for the audit of the consolidated financial statements	**8**	19
Non-audit services		
Fees payable to Company's auditors and its associates for other services		
- The audit of Company's subsidiaries pursuant to legislation	**30**	80
- Corporate finance services	**60**	-
Fees payable in respect of the pension schemes		
- Audit	**12**	12
	191	188

5 Net interest payable and similar charges

	2015 £000's	2014 £000's
Bank interest payable	**2,161**	2,773
Interest payable on finance leases	**727**	290
Amortisation of issue costs of bank loan	**-**	324
Bank interest receivable	**(4)**	(13)
Interest receivable from Parent Company	**(372)**	(367)
	2,512	3,007

6 Tax on loss on ordinary activities

	2015 £000's	2014 £000's
Current taxation		
UK corporation taxation	**-**	-
Adjustments in respect of prior years	**-**	-
Overseas taxation	**225**	300
Total current taxation	**225**	300
Deferred taxation		
Origination and reversal of timing differences (note 19)		
UK tax	**453**	(1,112)
Overseas tax	**25**	201
Change in tax rate	**-**	899
Deferred tax on pension scheme liabilities	**-**	539
Total deferred taxation	**478**	527
Taxation charge on loss on ordinary activities	**703**	827

6 Taxation on loss on ordinary activities continued

The taxation assessed for the financial year differs (2014: differs) from the standard rate of corporation taxation in the UK of 20.75% (2014: 22.5%). The differences are explained below:

	2015 £000's	2014 £000's
Loss on ordinary activities before taxation	**(3,663)**	(8,509)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%)	**(760)**	(1,915)
Permanent differences	**2,452**	1,573
Decelerated capital allowances	**187**	1,039
Unutilised tax losses carried forward/(utilised losses)	**(654)**	957
Pension cost relief in excess of pension cost charge	**(932)**	(130)
Other timing differences	**(82)**	(1,086)
Differential taxation rates on overseas earnings	**14**	(138)
Current taxation charge for the financial year	**225**	300

Factors that may affect future tax charges

Announcements have been made by the Chancellor of the Exchequer of changes to corporation tax rates which will have an effect on the future tax charge of the Company. A reduction in the corporation tax rate from 21% to 20% from 1 April 2015 was substantively enacted for accounting purposes at the balance sheet date. Consequently, deferred tax has been calculated at the period end using a tax rate of 20% as the majority of deferred tax is expected to be realised after 1 April 2015. The budget announcements made on 8 July 2015 for future reductions in the main rate of corporation tax to 18% by 1 April 2020, were not substantively enacted at the balance sheet date.

7 Loss for the financial year

The loss attributable to Bernard Matthews Limited for the financial year ended 28 June 2015 is £9,417,000 (2014: £14,187,000 loss).

8 Directors' emoluments

	2015 £000's	2014 £000's
Aggregate emoluments	**632**	612
Aggregate contributions to defined contribution schemes	**21**	24
	653	636

Emoluments payable to the highest paid Director are as follows:

	2015 £000's	2014 £000's
Aggregate emoluments	**312**	271
	312	271

9 Employee information

Group	**2015**	2014
Average monthly number of employees	**Number**	Number
Production	**1,958**	2,340
Administration	**410**	285
	2,368	2,625

Remuneration	**2015 £000's**	2014 £000's
Wages and salaries	**52,829**	54,172
Social security costs	**5,441**	6,410
Other pension costs (note 10)	**1,739**	1,688
	60,009	62,270

10 Pension liability

As of 21 March 2004, the Bernard Matthews Pension Fund was closed to further accrual and members had access to a new defined contribution scheme. The Group also operates a Contracted-In Money Purchase Scheme. The cost of employer contributions is charged to the profit and loss account in the financial year to which it relates. At the end of the financial year, contributions of £226,000 (2014: £162,000) were outstanding.

Group Pension Cost

	2015 £000's	2014 £000's
Pension costs in relation to defined contribution schemes	**(1,739)**	(1,688)
Finance charge in respect of defined benefit scheme (note 10d)	**(56)**	(179)
	(1,795)	(1,867)

Defined benefit pension scheme:
The most recent actuarial valuation of the Bernard Matthews Pension Fund was conducted as at 31 December, 2013 and a deficit of £10,286,000 was identified. The Group is paying additional contributions to fund the deficit and as such during 2015 contributions totalling £800,000 were made to the fund (2014: £800,000).

The actuarial valuation was updated to 28 June 2015 by a qualified independent actuary on the basis prescribed by FRS 17.

(a) Assumptions:
The major assumptions used by the actuary were as follows:

	2015	2014
Main Assumptions		
Rate of increase in pensions in payment		
- for service before 6 April 1997	**2.5%**	2.5%
- for service after 5 April 1997	**3.3%**	3.3%
Discount rate	**3.7%**	4.3%
Inflation assumption	**3.4%**	3.4%

The mortality assumptions used were as follows:

	2015 Years	2014 Years
Longevity at age 60		
Current pensioners	**26.9**	26.8
Future pensioners	**27.9**	27.8

10 Pension liability continued

(b) Reconciliation of present value of scheme liabilities

	2015 £000's	2014 £000's
At the beginning of the year	**61,214**	55,161
Interest cost	**2,606**	2,565
Benefits paid	**(1,214)**	(1,203)
Actuarial gain	**7,133**	4,691
At the end of the year	**69,739**	61,214

(c) Movement in fair value of scheme assets

	2015 £000's	2014 £000's
At the beginning of the year	**44,946**	41,331
Expected return on pension scheme assets	**2,550**	2,386
Actuarial gain	**1,727**	1,632
Benefits paid	**(1,214)**	(1,203)
Contribution paid by employer	**800**	800
At the end of the year	**48,809**	44,946

The assets in the scheme and the expected rate of return were:

	Long Term rate of return expected 28 June 2015	**Value at 28 June 2015 £000's**	Long Term rate of return expected 29 June 2014	Value at 29 June 2014 £000's
Equities	6.3%	**29,930**	6.5%	26,838
Bonds	3.7%	**14,812**	4.3%	14,271
Property	5.0%	**4,067**	5.4%	3,837
		48,809		44,946
Present value of scheme liabilities		**(69,739)**		(61,214)
Deficit in scheme		**(20,930)**		(16,268)
Related deferred tax asset		**4,186**		3,254
Net pension deficit		**(16,744)**		(13,014)

10 Pension liability continued

(d) Group profit and loss account and statement of total recognised gains and losses:
Under the assumptions detailed in note 10a, the amounts that have been charged to the Group profit and loss account and statement of total recognised gains and losses for the financial year ended 28 June 2015 are as follows:

Profit and loss account

	2015 £000's	2014 £000's
Other finance income		
Expected return on pension scheme assets	**2,550**	2,386
Interest on pension scheme liabilities	**(2,606)**	(2,565)
Net other finance charge	**(56)**	(179)

	2015 £000's	2014 £000's
Statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	**1,727**	1,632
Experience gains and losses arising on the scheme liabilities	**702**	(131)
Impact of changes in assumptions relating to the present value of scheme liabilities	**(7,835)**	(4,560)
Actuarial loss recognised in the statement of total recognised gains and losses	**(5,406)**	(3,059)

(e) History of experience gains and losses for the financial year ended 28 June 2015:

	2015 £000's	2014 £000's	2013 £000's	2012 £000's	2011 £000's
Defined benefit obligation	**(69,739)**	(61,214)	(55,161)	(47,810)	(40,793)
Plan assets	**48,809**	44,946	41,331	37,467	36,386
Deficit	**(20,930)**	(16,268)	(13,830)	(10,343)	(4,407)
Experience adjustments on plan assets	**1,727**	1,632	2,112	(1,072)	1,253
Experience adjustments on plan liabilities	**702**	(131)	84	(3,099)	-
Total amount recognised in the statement of total recognised gains and losses	**(5,406)**	(3,059)	(4,089)	(6,910)	3,264

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses for accounting years ending on or after 31 December 2002 is £28,563,000 (2014: £23,157,000).

11 Tangible assets

Group	Freehold land and buildings £000's	Plant and machinery (including poultry houses & vehicles) £000's	Fixtures and fittings (including software) £000's	Assets in course of construction £000's	Total £000's
Cost or valuation at 30 June 2014	64,322	193,559	12,858	917	271,656
Additions	273	8,320	495	858	9,946
Disposals	(140)	(1,599)	(328)	-	(2,067)
Reclassifications	47	321	50	(418)	-
Transferred to assets held for sale	(4,309)	(5,333)	(430)	(3)	(10,075)
Exchange adjustments	(920)	139	(183)	(96)	(1,060)
Cost or valuation at 28 June 2015	**59,273**	**195,407**	**12,462**	**1,258**	**268,400**
Accumulated depreciation at 30 June 2014	37,885	161,966	10,752	-	210,603
Charge for the financial year	1,828	6,246	572	-	8,646
Eliminated on disposals	(116)	(1,497)	(298)	-	(1,911)
Reclassifications	-	(1)	1	-	-
Transferred to assets held for sale	(3,395)	(5,003)	(419)	-	(8,817)
Accumulated depreciation at 28 June 2015	**36,202**	**161,711**	**10,608**	**-**	**208,521**
Net book value at 28 June 2015	**23,071**	**33,696**	**1,854**	**1,258**	**59,879**
Net book value at 29 June 2014	26,437	31,593	2,106	917	61,053

The net book value of tangible fixed assets for the Group includes an amount of £7,165,000 (2014: £1,835,000) in respect of plant and machinery held under finance leases, and £247,000 (2014: £55,000) of fixtures and fittings held under finance leases.

Certain of the Group's freehold land and buildings are included at valuation as at 28 December, 1986. On the adoption of FRS 15 the Group elected to retain the 1986 valuation as deemed historical cost and not to adopt a policy of revaluation going forward.

If freehold land and buildings had not been revalued they would have been included for the Group at the following amounts:

	2015 £000's	2014 £000's
Historical cost	**36,810**	43,640
Historical accumulated depreciation	**19,096**	26,059

11 Tangible assets continued

Company	Freehold land and buildings £000's	Plant and machinery (including poultry houses & vehicles) £000's	Fixtures and fittings (including software) £000's	Assets in course of construction £000's	Total £000's
Cost at 30 June 2014	3,260	128,002	3,247	196	134,705
Additions	186	8,143	466	-	8,795
Disposals	-	(172)	-	-	(172)
Asset transfers from subsidiary	301	82	4	-	387
Reclassifications	-	9	-	(9)	-
Cost at 28 June 2015	**3,747**	**136,064**	**3,717**	**187**	**143,715**
Accumulated depreciation at 30 June 2014	527	106,505	2,809	-	109,841
Charge for the financial year	533	4,495	255	-	5,283
Eliminated on disposals	-	(160)	-	-	(160)
Asset transfers from subsidiary	20	53	2	-	75
Accumulated depreciation at 28 June 2015	**1,080**	**110,893**	**3,066**	**-**	**115,039**
Net book value at 28 June 2015	**2,667**	**25,171**	**651**	**187**	**28,676**
Net book value at 29 June 2014	2,733	21,497	438	196	24,864

The net book value of tangible fixed assets for the Company includes an amount of £7,165,000 (2014: £1,835,000) in respect of plant and machinery held under finance leases, and £247,000 (2014: £55,000) of fixtures and fittings held under finance leases.

Capital commitments	**Group**		**Company**	
	2015 £000's	2014 £000's	**2015 £000's**	2014 £000's
Contracted for but not provided in the financial statements	**863**	-	**627**	-

12 Investments

	Group other investments £000's	Company subsidiaries £000's
Investments at cost at 30 June 2014	15	38,143
Disposals	(7)	-
Investments at cost at 28 June 2015	**8**	**38,143**
Impairment at 30 June 2014 and at 28 June 2015	**-**	**(22,417)**
Net book value at 28 June 2015	**8**	**15,726**
Net book value at 29 June 2014	15	15,726

The Directors believe that the carrying value of the investments is supported by the value of the businesses of the subsidiary undertakings.

The following information shows all subsidiaries and interests:

Name of subsidiary	Country of incorporation and operation	Class of shares held	Percentage of nominal value of issued shares held by Group	Company
Bernard Matthews Oldenburg GmbH	Germany	Ordinary	100	-
SáGa Foods RT	Hungary	Ordinary	100	-
Pannon Pulyka KFT	Hungary	Ordinary	100	-
Sabaker KFT	Hungary	Ordinary	100	-
Rabaho KFT	Hungary	Ordinary	60	-
Lincs Turkeys Limited	United Kingdom	Ordinary	100	100
Holton Renewable Power Limited	United Kingdom	Ordinary	45	45
Bernard Matthews Green Energy Limited	United Kingdom	Ordinary	100	100
Turners Turkeys	United Kingdom	Ordinary	100	100
BM Green Energy Pickenham Limited	United Kingdom	Ordinary	100	-
BM Green Energy Halesworth Limited	United Kingdom	Ordinary	100	-
Farm Security Services Limited	United Kingdom	Ordinary	100	1
Bernard Matthews Beteiligungsgesellschaft mbH	Germany	Ordinary	100	-
Bernard Matthews BV	Netherlands	Ordinary	100	-
Bernard Matthews (Halesworth) Limited (Dormant)	United Kingdom	Ordinary	100	100
Norfolk Spring Limited (Dormant)	United Kingdom	Ordinary	100	100
Mini Turkeys Limited (Dormant)	United Kingdom	Ordinary	100	100
Bernard Matthews Aviation Limited (Dormant)	United Kingdom	Ordinary	100	100
L.B.T (Packers) Limited (Dormant)	United Kingdom	Ordinary	100	100
Ash Valley Farms Limited (Dormant)	United Kingdom	Ordinary	100	-
Bernard Matthews Fisheries Limited (Dormant)	United Kingdom	Ordinary	100	-
Bernard Matthews Foods Limited (Dormant)	United Kingdom	Ordinary	100	100
Bernard Matthews Kitchens Limited (Dormant)	United Kingdom	Ordinary	100	100
Bon Appetite Limited (Dormant)	United Kingdom	Ordinary	100	100
Economy Brands Poultry Limited (Dormant)	United Kingdom	Ordinary	100	100

Notes to the financial statements for the financial year ended 28 June 2015
continued

12 Investments continued

Fine Foods (East Anglia) Limited (Dormant)	United Kingdom	Ordinary	100	100
Lake Spring Water Co Limited (Dormant)	United Kingdom	Ordinary	100	100
The Turkey Company (TTC) Limited (Dormant)	United Kingdom	Ordinary	100	100
Turkey Limited (Dormant)	United Kingdom	Ordinary	100	100
Vegetable Cuisine Limited (Dormant)	United Kingdom	Ordinary	100	100
Yummy Foods Limited (Dormant)	United Kingdom	Ordinary	100	100
Bernard Matthews GmbH (Dormant)	Germany	Ordinary	100	-
Sander Fleisch und Wurstwaren Vertriebs GmbH	Germany	Ordinary	100	-
Saga Foods Sp zoo (Dormant)	Poland	Ordinary	100	-

13 Stocks

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Raw materials and consumables	**11,830**	9,585	**7,030**	4,418
Work in progress	**21,725**	23,363	**21,407**	22,950
Finished goods	**26,058**	17,086	**25,694**	15,447
	59,613	50,034	**54,131**	42,815

The replacement cost of stocks does not differ materially from the numbers disclosed above.

14 Assets held for sale

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Plant and machinery	**1,258**	107	-	-

Assets held for sale are included in tangible fixed assets until such time as it is expected that they will be disposed of within one year of the balance sheet date at which point they are transferred to current assets. Assets held for resale are not depreciated but are reviewed for impairment in the event that net realisable value falls below carrying value.

Notes to the financial statements for the financial year ended 28 June 2015
continued

15 Debtors

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Amounts falling due within one year				
Trade debtors	**29,737**	28,404	**22,470**	18,831
Amounts owed by Group undertakings	**-**	-	**6,822**	15,206
Amounts owed by Parent undertaking	**5,221**	7,427	**-**	-
Other debtors	**1,765**	1,736	**1,541**	1,390
Corporation tax	**260**	-	**200**	-
Prepayments and accrued income	**3,488**	5,171	**3,086**	4,923
	40,471	42,738	**34,119**	40,350
Amounts falling due after more than one year				
Amounts owed by parent undertaking	**7,500**	7,500	**-**	-
Deferred tax (note 19)	**7,019**	7,555	**5,691**	6,290
	14,519	15,055	**5,691**	6,290
	54,990	57,793	**39,810**	46,640

Amounts owed by Group undertakings are unsecured and interest free and repayable on demand. Amounts owed by parent undertaking are unsecured and accrue interest at LIBOR plus between 2% and 2.5% and are repayable in annual instalments until 31 December 2015.

Notes to the financial statements for the financial year ended 28 June 2015
continued

16 Bank loans and overdrafts

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Amounts falling due within one year				
Bank loans	**29,857**	20,850	**29,323**	16,168
Bank overdrafts	**6,996**	7,280	-	-
Obligations under finance leases	**1,451**	525	**1,451**	444
	38,304	28,655	**30,774**	16,612
Amounts falling due after more than one year				
Bank loans and overdrafts falling due after more than one year are repayable as follows:				
One to two years	**15,971**	16,979	**14,209**	16,573
Two to five years	**464**	504	-	-
Over five years	**59**	154	-	-
	16,494	17,637	**14,209**	16,573
Obligations under finance leases due after more than one year are repayable as follows:				
One to two years	**1,612**	417	**1,612**	402
Two to five years	**3,806**	854	**3,806**	848
	5,418	1,271	**5,418**	1,250
Total amounts falling due after more than one year	**21,912**	18,908	**19,627**	17,823
Total bank loans and overdrafts	**60,216**	47,563	**50,401**	34,435

Bank loans and overdrafts are secured by a combination of fixed and floating charges over the Group's fixed and current assets.

Bank loans falling due after more than one year amounting to £1,747,000 (2014: £1,064,000) are repayable in instalments over the period to December 2016. The interest rates are fixed, with the rate for the year ended 28 June 2015 being 3.21%.

17 Trade and other creditors

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Amounts falling due within one year				
Trade creditors	**30,587**	32,671	**26,585**	25,552
Amounts owed to Group undertakings	**-**	-	**12,095**	12,051
Amounts owed to Parent undertaking	**40,784**	43,793	**40,784**	43,793
Taxation and social security	**1,381**	1,561	**1,158**	1,122
Other creditors	**2,216**	2,058	**923**	802
Accruals and deferred income	**15,798**	10,505	**14,088**	8,949
	90,766	90,588	**95,633**	92,269
Amounts falling due after more than one year				
Accruals and deferred income	**713**	892	**-**	-
Total trade and other creditors	**91,479**	91,480	**95,633**	92,269

Amounts owed to Group undertakings and amounts owed to Parent undertaking are unsecured and interest free and repayable on demand.

18 Provisions for liabilities

	Onerous leases £000's
Group and Company	
At 30 June 2014	6
Release of unused provision	(6)
At 28 June 2015	-

Onerous leases
Onerous lease provisions comprised undiscounted future rents payable on onerous property leases.

19 Deferred taxation

	Group		Company	
	2015	2014	**2015**	2014
	£000's	£000's	**£000's**	£000's
Provision for deferred taxation comprises:				
Accelerated capital allowances	**(180)**	141	**83**	164
Other timing differences	**(5)**	(61)	**(37)**	(37)
Tax losses carried forward	**(6,834)**	(7,635)	**(5,737)**	(6,417)
Deferred taxation asset	**(7,019)**	(7,555)	**(5,691)**	(6,290)

	Group
	£000's
At 30 June 2014	**(7,555)**
Deferred tax credited in profit and loss account (note 6)	**453**
Exchange adjustments	**83**
At 28 June 2015	**(7,019)**

Deferred taxation has been calculated at 20% (2014: 20%) and at prevailing overseas taxation rates where applicable.

The Group has an unprovided deferred tax asset of £2,117,000 (2014: £3,100,000) relating to trading losses, which the directors do not consider to be recoverable. Circumstances in which the asset would be recovered include future trading profits in excess of those currently predicted.

Deferred taxation asset relating to pension deficit

	Group and Company	
	2015	2014
	£000's	£000's
At 30 June 2014	**3,254**	3,181
Deferred tax charged in profit and loss account (note 6)	**-**	(539)
Deferred tax credited to the statement of total recognised gains and losses	**932**	612
At 28 June 2015	**4,186**	3,254

20 Called up share capital and share options

Group and Company

	2015	2014
	£000's	£000's
Allotted, called up and fully paid:		
126,117,734 (2014: 126,117,734) ordinary shares of 25p each	**31,529**	31,529

21 Reserves

	Share premium account £000's	Revaluation reserve £000's	Capital redemption reserve £000's	Other reserve £000's	Profit and loss account £000's
Group					
At 30 June 2014	1,373	4,795	951	4,609	(22,561)
Loss for the financial year	-	-	-	-	(4,299)
Actuarial loss on pension scheme	-	-	-	-	(5,406)
Movement on deferred tax relating to pension scheme	-	-	-	-	932
Currency translation	-	-	-	-	(863)
At 28 June 2015	**1,373**	**4,795**	**951**	**4,609**	**(32,197)**

	Share premium account £000's	Capital redemption reserve £000's	Other reserve £000's	Profit and loss account £000's
Company				
At 30 June 2014	1,373	951	4,609	(46,435)
Loss for the financial year	-	-	-	(9,417)
Actuarial loss on pension scheme	-	-	-	(5,406)
Movement on deferred tax relating to pension scheme	-	-	-	932
At 28 June 2015	**1,373**	**951**	**4,609**	**(60,326)**

22 Reconciliation of movements in total shareholders' funds / (deficit)

Group	2015 £000's	2014 £000's
Loss for the financial year	(4,299)	(9,285)
Actuarial loss on pension scheme (note 10)	(5,406)	(3,059)
Movement in deferred tax relating to pension scheme liability (note 19)	932	612
Currency translation differences on foreign currency net investments	(863)	(1,203)
Net reduction in total shareholders' funds	(9,636)	(12,935)
Total shareholders' funds at 30 June 2014	20,696	33,631
Total shareholders' funds at 28 June 2015	11,060	20,696

Company	2015 £000's	2014 £000's
Loss for the financial year	(9,417)	(14,187)
Actuarial loss on pension scheme (note 10)	(5,406)	(3,059)
Movement in deferred tax relating to pension scheme liability (note 19)	932	612
Net reduction in total shareholders' deficit	(13,891)	(16,634)
Total shareholders' (deficit)/funds at 30 June 2014	(7,973)	8,661
Total shareholders' deficit at 28 June 2015	(21,864)	(7,973)

23 Contingent liabilities

At 28 June 2015 the Company is guarantor with other Group companies, of loans totalling £43,533,000 (2014: £32,260,000) made by the Group's bankers.

24 Operating leases

At 28 June 2015 the Group had annual non-cancellable operating lease commitments of:

	Land and buildings 2015 £000's	**Other 2015 £000's**	Land and buildings 2014 £000's	Other 2014 £000's
Group				
Operating leases expiring:				
Within one year	**376**	**1,073**	693	353
In the second to fifth years inclusive	**530**	**1,947**	618	1,685
Five years or more	**262**	**187**	342	286
	1,168	**3,207**	1,653	2,324

	Land and buildings 2015 £000's	**Other 2015 £000's**	Land and buildings 2014 £000's	Other 2014 £000's
Company				
Operating leases expiring:				
Within one year	**6,832**	**1,016**	-	325
In the second to fifth years inclusive	**491**	**1,839**	8,301	1,458
Five years or more	**261**	**-**	261	-
	7,584	**2,855**	8,562	1,783

25 Related party disclosure

The Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with Group entities on the grounds that it is a wholly owned subsidiary and is included in the financial statements of BM Topco Limited whose financial statements are publically available.

Saga Foods Zrt owns 60% of Rabaho KFT who provide Saga Foods Zrt with steam. Sales from Rabaho KFT to Saga Foods Zrt in the year amounted to £nil (2014: £3,000). Sales from Saga Foods Zrt to Rabaho KFT in the year amounted to £2,000 (2014: £14,000). The balance due from Rabaho KFT to Saga Foods Zrt at the year end amounted to £1,000 (due to Rabaho KFT 2014: £10,000).

26 Ultimate parent company and ultimate controlling party

The immediate parent undertaking is Bernard Matthews Holdings Limited. The ultimate parent undertaking is BM Topco Limited, a company incorporated in England. BM Topco Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 28 June 2015. The consolidated financial statements of BM Topco Limited are available from Great Witchingham Hall, Great Witchingham, Norwich, Norfolk, NR9 5QD. Bernard Matthews Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Bernard Matthews Limited are available from Great Witchingham Hall, Great Witchingham, Norwich, Norfolk, NR9 5QD.

For the purposes of FRS 8, the Directors consider Rutland Partners LLP to be the ultimate controlling party at the balance sheet date.