Grant Thornton

Financial statements
Iceland Foods Limited

For the 52 week period ended 25 March 2011

Company No 1107406

Company information

Company registration number	1107406
Registered office	Second Avenue Deeside Industrial Park Deeside Flintshire CH5 2NW
Directors	M C Walker A S Pritchard T S Dhaliwal
Secretary	J K Burrell
Bankers	Barclays Corporate PO BOX 3333 1 Snowhill Snow Hill Queensway Birmingham B3 2WN
Solicitors	DWF LLP Centurion House 129 Deansgate Manchester M3 3AA Hill Dickinson LLP 1 St Pauls Square Liverpool L2 9SJ
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

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Report of the directors

The directors present their report together with the audited financial statements for the 52 week period ended 25 March 2011

Principal activity

The principal activity of the company is that of retail grocers

Business review

The business performed strongly in the year, delivering sales of £2,334m, up 6% year on year

During the period the company outperformed both its sales and EBITDA targets which are the company's financial KPIs

Profit on ordinary activities before taxation was £168 8m, against a comparable of £150 5m for last period

EBITDA for the period was £199 4m, an increase of £20 7m (11 6%) on the previous period

During the period the company opened 13 new stores, ending the year with 742 stores, a net increase of 12 year on year

Iceland continues to offer its customers the best in everyday value across frozen foods, chilled foods and ambient grocery Throughout the period, short-term promotional activity such as multibuys have risen significantly, driven by the major multiples However Iceland remains committed to its round sum pricing policy which delivers great value everyday

Iceland has launched over 200 new products into its frozen range in the last 12 months This has helped to reaffirm its position as the country's leading frozen food retailer, unsurpassed in range, value and innovation

Store standards and customer service continue to improve year on year as measured by independent mystery shop results This is also borne out by the growth of the Iceland Bonus Card A record number of customers are now registered for Iceland's unique home delivery service, which increases access to savings and prizes throughout the year As a result, Iceland customers continue to visit more frequently

For the fifth year in succession, Iceland sponsored the ITV reality programme "I'm A Celebrity Get Me Out of Here !" which is aired during the pre-Christmas period

The company's key non-financial KPIs relate to staff satisfaction and engagement, which are measured regularly and continue to show significant year on year improvements For the third year in succession, Iceland was awarded a Best Company Accreditation as part of the Sunday Times 'Best Companies to Work for' survey, coming sixth in the 'Top 25 Biggest Companies' category with a two star accreditation

The company maintains a register identifying all risks and threats to the business, covering such areas is IT system failures, food contamination and distribution depot failure, as well as the usual financial risk issues Comprehensive contingency plans are in place to protect trading and minimise any potential disruption

Report of the directors

Business review (continued)

The directors have assessed the short term and long term funding and cash requirements of the company in preparing forecasts and projections Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements

Profit and dividends

The company's profit for the period after tax amounted to £121 1m (2010 £110 1m) Particulars of dividends paid are detailed in note 6 to the financial statements

Financial risk management objectives and policies

The company uses various financial instruments including loans, cash, equity investments, and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are liquidity risk and credit 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

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.

The company policy throughout the period has been to ensure that cash balances are maintained and ensure that a sufficient return is earned on these

Credit risk

The company's principal financial asset is cash The risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies

Directors

The directors who held office during the period were as follows

M C Walker
A S Pritchard
T S Dhaliwal

Report of the directors

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Report of the directors 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 laws) 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 and 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,
- 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Charitable donations

The company made charitable donations totalling £77,457 (2010 £300,135) during the period, in addition to the £1,617,500 (2010 £890,200) raised by the Iceland Charitable Foundation Iceland Foods Limited does not make political contributions

Report of the directors

Employees

Communication with staff is accorded a high priority and employees are kept informed of the company's performance and activities through regular briefings and updates They are also given the opportunity to communicate their ideas to all levels of management, both directly and through attitude surveys

The company is committed to ensuring genuine equality of opportunity for all employees, regardless of sex, colour, race, religion, ethnic origin or disability All our recruitment, training and development policies reflect this commitment In the event of an employee becoming disabled, every effort is made to continue their employment and having due regard to their aptitude and abilities, opportunities are given for retraining or deployment wherever possible

The company provides employee pension and life assurance benefits for both full and part time employees

GSCOP summary of annual compliance

An annual compliance report as required by the Groceries (Supply Chain Practices) Market Investigation Order 2009 ("Order") for the period from when GSCOP came into force on 4 February 2010 until the end of the financial period 2010/11 has been submitted to and approved by Iceland's Audit Committee

The report confirmed that during this period there have not been any breaches of the Groceries Supply Code of Practice ("GSCOP") or the Order and there have been no formal complaints

A number of measures have been taken during the year to ensure full compliance with GSCOP These included issuing new terms and conditions incorporating GSCOP to all grocery suppliers and ensuring that all new suppliers receive these prior to commencing supply All members of the buying team have been issued with a copy of GSCOP and have received training on a six monthly basis All new members of that team receive a copy of GSCOP and training as part of their induction

A central electronic database has been set up to ensure all relevant documents are stored and available to the supplier whenever required

Regular internal audits are carried out to assess the effectiveness of GSCOP training and to ensure ongoing compliance with GSCOP.

No notice has been received of any formal disputes regarding the terms of the supply agreements or compliance with GSCOP

Report of the directors

Auditors

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

ON BEHALF OF THE BOARD

T.S. Dhaliwal

T S Dhaliwal
Director
3 June 2011

Grant Thornton

Independent auditor's report to the members of Iceland Foods Limited

We have audited the financial statements of Iceland Foods Limited for the 52 week period ended 25 March 2011 which comprise the principal accounting policies, the profit and loss account, the balance sheet, and the related notes 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private.cfm.

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 25 March 2011 and of the company's profit for the 52 week period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Iceland Foods Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
3 June 2011

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) The financial statements have been prepared on a going concern basis The directors have considered the current performance of the company, the forecasted results of the business, current retail trends and general economic conditions in making this assessment

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts These financial statements present information about the company as an individual undertaking and not about its group

The principal accounting policies of the company are set out below The policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements and remain unchanged from the previous periods

Related party transactions

Advantage has been taken of the exemption in paragraph 3 of FRS8 in respect of the disclosure of transactions and balances with other wholly owned group undertakings

Cash flow statement

The directors have taken advantage of the exemption in FRS1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and a consolidated cash flow statement is included in the group accounts

Turnover

The turnover shown in the profit and loss account represents the value of goods sold in the ordinary course of business, excluding sales incentives and value added tax Turnover is recognised at the point of sale within stores

Cost of sales

Cost of sales represents all costs incurred up to the point of sale including the operating expenses of the trading outlets

Investments

Shares in group undertakings are stated at cost less amounts written off where, in the opinion of the directors, there has been a diminution of the value of the investments

Principal accounting policies

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation, or if lower, their recoverable amount measured in accordance with FRS11 "Impairment of fixed assets and goodwill", based on income generation and net realisable value Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold building	-	2% per annum
Plant and equipment	-	4% to 20% per annum
Motor vehicles	-	10% to 25% per annum

Freehold land is not depreciated

Leasehold premiums and improvements are depreciated in equal annual instalments over the lesser of the unexpired term of the lease and 50 years However, that element of leasehold premium paid to acquire a beneficial rental is written off over the period to the first open market rent review

Property provisions

Under FRS 12 a provision should be recognised when there is a present obligation and a transfer of economic benefits is probable to settle the obligation In respect of leased properties, where the economic benefits from occupying the leased properties are less than the obligations payable under the lease, a provision is made for the present value of the estimated future net cash outflows for each lease The provision unwinds on a systematic basis within operating costs in line with the lease costs The provision is reviewed on a regular basis

A dilapidation provision is in place based on the directors' estimates of dilapidation charges A provision is recognised when the directors become aware that the company has an obligation under the property lease The provision is reviewed regularly on an individual property basis and the provision adjusted as required

All property provisions are discounted at the company's cost of capital in accordance with FRS12

Leasing commitments

Where the company enters into a lease or hire purchase contract where substantially all the risks and rewards of ownership of the asset have passed to the company, the lease is treated as a finance lease The asset is recognised in the balance sheet as a tangible fixed asset at the present value of the minimum lease payments and is depreciated over the shorter of the lease term and the asset's useful economic life Future instalments under such leases, net of finance charges, are included in creditors

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the lease and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term Reverse premiums and rent free periods received as inducements to enter into operating lease agreements are released to the profit and loss account over the period to the next market rent review

Principal accounting policies

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration over the fair value of the net assets acquired) arising on business combinations is capitalised

Purchased goodwill is amortised over its estimated useful economic life up to a maximum of 20 years The length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this point Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows·

Goodwill - 20 years

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items Cost is determined at the latest purchase price of the goods, using a FIFO basis Net realisable value is the estimated selling price.

Pension costs

The company operates a defined contribution and a stakeholder scheme whereby contributions payable are charged to the profit and loss account in the period in which they become payable The assets of the defined contribution scheme are held separately from those of the company

Taxation

The charge for taxation is based on the profit for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted at the balance sheet date Current and deferred tax is recognised in the profit and loss account except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Principal accounting policies

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account

Financial instruments

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

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities Shares containing such obligations are classified as financial liabilities

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities Dividends and distributions relating to equity instruments are debited directly to reserves

Profit and loss account

	Note	52 week period ended 25 March 2011 £'000	52 week period ended 26 March 2010 £'000
Turnover	1	**2,333,984**	2,202,513
Cost of sales		**(2,116,500)**	(2,004,129)
Gross profit		**217,484**	198,384
Administrative expenses		**(48,834)**	(49,833)
Operating profit	2	**168,650**	148,551
Profit on disposal of fixed assets		**111**	1,176
Profit before interest and taxation		**168,761**	149,727
Net interest receivable	4	**59**	753
Profit on ordinary activities before taxation		**168,820**	150,480
Taxation on profit on ordinary activities	5	**(47,682)**	(40,394)
Profit for the financial period	16	**121,138**	110,086

All activities relate to continuing operations.

The company had no recognised gains and losses other than those included in the profit and loss account above

The accompanying accounting policies and notes form an integral part of these financial statements

Balance sheet

	Note	25 March 2011 £'000	26 March 2010 £'000
Fixed assets			
Intangible assets	7	-	-
Tangible assets	8	**139,145**	149,125
Investments	9	**370**	370
		139,515	149,495
Current assets			
Stocks	10	**82,348**	77,281
Debtors due within one year	11	**81,935**	62,467
Debtors due after one year	11	**373,627**	570,350
Cash at bank and in hand		**59,995**	46,403
		597,905	756,501
Creditors: amounts falling due within one year	12	**(355,452)**	(318,598)
Net current assets		**242,453**	437,903
Total assets less current liabilities		**381,968**	587,398
Creditors: amounts falling due after more than one year	13	**(126,830)**	(131,796)
Provisions for liabilities	14	**(14,278)**	(15,880)
Net assets		**240,860**	439,722
Capital and reserves			
Called up share capital	15	**35,000**	35,000
Profit and loss account	16	**205,860**	404,722
Shareholders' funds	17	**240,860**	439,722

These financial statements were approved and authorised for issue by the Board of Directors on 3 June 2011, and signed on its behalf by

T. S. Dhaliwal

T S Dhaliwal
Director

The accompanying accounting policies and notes form an integral part of these financial statements

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to one principal activity of the company All turnover arises from activities in the United Kingdom

2 Operating profit

Operating profit is stated after charging

	52 week period ended 25 March 2011 £'000	52 week period ended 26 March 2010 £'000
Depreciation charge (note 8)		
Owned	**30,302**	28,611
Leased	**353**	353
Operating lease charges - plant and machinery	**12,543**	9,398
Operating lease charges - land and buildings	**60,811**	58,553
Auditors' remuneration		
Audit of these financial statements	**60**	60

Fees paid to the company's auditor, Grant Thornton UK LLP, for services other than the statutory audit of the company are not disclosed in Iceland Foods Limited accounts as consolidated accounts of Iceland Foods Group Limited are required to disclose non-audit fees on a consolidated basis

3 Staff numbers and costs

The average number (full time equivalents) of persons employed by the company (including directors) during the period was as follows

	Number of employees	
	52 week period ended 25 March 2011	52 week period ended 26 March 2010
Sales and distribution	12,252	11,511
Head office	635	645
	12,887	12,156

Notes to the financial statements

3 Staff numbers and costs (continued)

The average number (actual) of persons employed by the company (including directors) during the period was as follows

	Number of employees	
	52 week period ended 25 March 2011	52 week period ended 26 March 2010
Sales and distribution	21,703	20,197
Head office	682	686
	22,385	20,883

The aggregate payroll costs of these persons were as follows

	52 week period ended 25 March 2011 £'000	52 week period ended 26 March 2010 £,000
Wages and salaries	204,320	194,762
Social security costs	12,202	11,700
Other pension costs	1,819	6,753
	218,341	213,215

During the year, two (2010 two) directors accrued benefits under a defined contribution scheme

Directors' emoluments

	52 week period ended 25 March 2011 £'000	52 week period ended 26 March 2010 £'000
Directors' emoluments	2,133	1,939
Pension contributions	76	76
Amounts in respect of the highest paid director		
Emoluments	963	878

Notes to the financial statements

4 Net interest receivable

	52 week period ended 25 March 2011 £'000	52 week period ended 26 March 2010 £'000
Interest receivable		
Other interest receivable and similar income	376	858
Interest payable		
Interest payable on finance leases	(69)	(91)
Intra-group interest payable	(216)	(14)
Other interest payable	(32)	-
	(317)	(105)
Net interest receivable	59	753

5 Taxation

(a) Analysis of charge in period

	52 week period ended 25 March 2011 £'000	52 week period ended 26 March 2010 £'000
Current tax		
Current tax on profit for period	48,084	40,451
Adjustments in respect of prior periods	(47)	(289)
Current charge for the period	48,037	40,162
Deferred tax		
Origination and reversal of timing differences	(355)	232
Tax charge for the period	47,682	40,394

Notes to the financial statements

5 Taxation (continued)

(b) Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2010 lower) than the standard rate of corporation tax in the UK 28% (2010 28%) The differences are explained below

	52 week period ended 25 March 2011 £'000	52 week period ended 26 March 2010 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	**168,820**	150,480
Current tax at 28% (2010 28%)	**47,270**	42,134
Effects of		
(Loss)/profit on sale of ineligible fixed assets	**(10)**	66
Depreciation on ineligibles	**2,867**	2,467
Expenses not deductible for tax purposes	**1,292**	272
Depreciation in excess of capital allowances	**883**	210
Other timing differences	**97**	(432)
Group relief received for no payment	**(4,315)**	(4,266)
Adjustment in respect of prior periods	**(47)**	(289)
Total current tax charge (see 5(a))	**48,037**	40,162

(c) Factors affecting the future tax charge

There is no unprovided deferred tax at the year end.

A deferred tax asset of £390,000 (2010 £35,000) has been recognised within other debtors

6 Dividends

Dividends on shares classed as equity

	52 week period ended 25 March 2011 £'000	52 week period ended 26 March 2010 £'000
Dividends paid on ordinary shares of £9 14 per share (2010 £Nil per share)	**320,000**	-

Notes to the financial statements

7 Intangible fixed assets

	Goodwill £'000
Cost	
At beginning and end of period	68,452
Amortisation	
At beginning and end of period	68,452
Net book value at beginning and end of period	**-**

8 Tangible fixed assets

	Land and buildings Freehold £'000	Long leasehold £'000	Short leasehold £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At beginning of period	6,133	4,607	88,721	183,571	18,758	301,790
Additions	-	-	6,376	14,212	130	20,718
Disposals	-	-	(1,567)	(2,842)	(3,917)	(8,326)
Intra-group transfers	-	-	2	11	-	13
At end of period	6,133	4,607	93,532	194,952	14,971	314,195
Depreciation						
At beginning of period	649	1,328	43,977	92,258	14,453	152,665
Provided in the period	128	134	10,171	18,977	1,245	30,655
Disposals	-	-	(1,564)	(2,840)	(3,872)	(8,276)
Intra-group transfers	-	-	1	5	-	6
At end of period	777	1,462	52,585	108,400	11,826	175,050
Net book value						
At end of period	**5,356**	**3,145**	**40,947**	**86,552**	**3,145**	**139,145**
At beginning of period	5,484	3,279	44,744	91,313	4,305	149,125

Notes to the financial statements

8 Tangible fixed assets (continued)

The cost of freehold properties includes land of £Nil (2010 £Nil) on which depreciation is not provided

Included in the above amounts (plant and machinery and motor vehicles) are the following in respect of assets held under finance leases and similar hire purchase contracts

	Net book value 2011 £'000	Depreciation 2011 £'000	Net book value 2010 £'000	Depreciation 2010 £'000
Total	746	353	1,099	353

9 Investments

	Group undertakings £'000
Cost	
At beginning and end of period	2,016
Provisions	
At beginning and end of period	1,646
Net book value	
At beginning and end of period	370

Notes to the financial statements

9 Investments (continued)

The company's group undertakings are set out below

Name of company	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Burgundy Limited	England and Wales	Dormant	100% ordinary
Beech House Deeside Limited	England and Wales	Property management	100% ordinary
Expert Appliance Care Limited	England and Wales	Dormant	100% ordinary
Iceland Frozen Foods Limited	England and Wales	Dormant	100% ordinary
Iceland Limited	England and Wales	Dormant	100% ordinary
Iceland Group Limited	England and Wales	Dormant	100% ordinary
Iceland Foods Hungary KFT	Hungary	Retail grocers	100% ordinary
Iceland Foods Czech SRO	Czechoslovakia	Retail grocers	100% ordinary
Associated undertakings			
Ice and Easy Ltd	England and Wales	Wholesale	50% ordinary
Ramsgate Flat Management Limited	England and Wales	Property management	20% ordinary

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts These financial statements present information about the company as an individual undertaking and not about its group

10 Stocks

	25 March 2011 **£'000**	26 March 2010 £'000
Goods for resale	**81,024**	76,356
Consumables	**1,324**	925
	82,348	77,281

Notes to the financial statements

11 Debtors

	25 March 2011 £'000	26 March 2010 £'000
Trade debtors	**14,549**	7,144
Amounts owed by group undertakings	**373,627**	570,350
Other debtors	**17,784**	11,322
Prepayments and accrued income	**46,855**	42,097
Other taxes and social security costs	**2,747**	1,904
	455,562	632,817

Included within other debtors is £390,000 (2010 £35,000) in relation to a deferred tax asset (See note 5)

Amounts owed by group undertakings all fall due after more than one year in the current and prior period

12 Creditors: amounts falling due within one year

	25 March 2011 £'000	26 March 2010 £'000
Shares classified as liabilities	**110**	110
Trade creditors	**272,018**	241,363
Corporation tax	**24,163**	17,898
Other taxes and social security costs	**3,583**	3,561
Other creditors	**12,646**	20,785
Accruals and deferred income	**42,571**	34,567
Finance lease creditors	**361**	314
	355,452	318,598

Notes to the financial statements

13 Creditors: amounts falling due after more than one year

	25 March 2011 £'000	26 March 2010 £'000
Amounts owed to group undertakings	**126,142**	130,775
Finance lease creditor	**688**	1,021
	126,830	131,796

Amounts owed to group undertakings are unsecured, interest free and repayable after five years

The maturity of the company's obligations under finance lease and hire purchase contracts is as follows

	25 March 2011 £'000	26 March 2010 £'000
Within one year	**361**	314
In the second to fifth year	**688**	1,021
	1,049	1,335

Amounts due under finance leases are secured on the assets to which they relate

14 Provisions for liabilities

	Other provisions £'000	Property provisions £'000	Deferred tax (see below) £'000	Total £'000
At beginning of period	5,500	10,380	-	15,880
Provided in period	1,092	1,731	-	2,823
Utilised	(729)	(1,466)	-	(2,195)
Released in period	(1,092)	(1,138)	-	(2,230)
At end of period	**4,771**	**9,507**	**-**	**14,278**

The property provisions principally relate to expected future costs of leasehold properties no longer used by the business and dilapidations to leasehold properties The timing in relation to the utilisation of these provisions is dependent on the lease terms

The other provisions principally relate to the restructuring activities and disputes, where the directors feel it is necessary to provide in accordance with FRS 12. The directors believe it would be seriously prejudicial to disclose any further information in relation to these provisions

The discount rate used on property provisions was 8% (2010 8%)

Notes to the financial statements

14 Provisions for liabilities

Analysis of deferred tax asset

	25 March 2011 £'000	26 March 2010 £'000
Accelerated capital allowances	**(843)**	(918)
Short term timing differences	**(682)**	(252)
Capital gains	**1,135**	1,135
	(390)	(35)

	£'000
Deferred tax asset at beginning of period	(35)
Credit in period	(355)
Deferred tax asset at end of period (included in debtors)	(390)

A deferred tax asset amounting to £390,000 (2010 £35,000) in respect of timing differences has been recognised on the basis that it is likely that there will be sufficient taxable profits arising in the future from which the reversal of the underlying asset could be deducted

15 Share capital

	25 March 2011 £	26 March 2010 £
Authorised		
35,000,100 ordinary shares of £1 each	**35,000,100**	35,000,100
10 "A" ordinary shares of £1	**10**	10
110,000 1 5% non-cumulative preference shares of £1 each	**110,000**	110,000
	35,110,110	35,110,110
Allotted, called up and fully paid		
35,000,100 ordinary shares of £1 each	**35,000,100**	35,000,100
10 "A" ordinary shares of £1 each	**10**	10
110,000 1 5% non-cumulative preference shares of £1 each	**110,000**	110,000
	35,110,110	35,110,110
Shares classified as liabilities	**110,000**	110,000
Shares classified in shareholders' funds	**35,000,110**	35,000,110

The holders of "A" ordinary shares have no rights to receive notice of, attend or vote at any general meeting of the company In all other respects, "A" ordinary shares and ordinary shares rank equally

The preference shares carry one vote per share at general meetings of the company On a winding up of the company, the preference shareholders have a right to receive, in preference to ordinary shareholders, £1 per share

Notes to the financial statements

16 Reserves

	Profit and loss account £'000
At beginning of period	404,722
Profit for the financial period	121,138
Equity dividends paid	(320,000)
At end of period	205,860

17 Reconciliation of movements in shareholders' funds

	25 March 2011 £'000	26 March 2010 £'000
Shareholders' funds at beginning of period	439,722	329,636
Profit for the period	121,138	110,086
Equity dividends paid	(320,000)	-
Shareholders' funds at end of period	240,860	439,722

18 Operating lease commitments

Annual minimum lease payments due under operating leases to which the company was committed were as follows

	Plant and equipment		Land and buildings	
	25 March 2011 £'000	26 March 2010 £'000	25 March 2011 £'000	26 March 2010 £'000
Leases due to expire				
Within one year	2,261	1,010	1,681	1,887
Within two to five years	9,522	8,518	18,400	17,788
In more than five years	3,395	1,337	43,946	43,452
	15,178	10,865	64,027	63,127

Notes to the financial statements

19 Capital commitments

The outstanding commitments at 25 March 2011 in respect of contracted capital expenditure not provided for amounted to £Nil (2010 £Nil)

In relation to forward currency contracts there is a commitment at the year end to purchase $3,207,000 (£1,997,008) (2010 $648,657 (£398,366)) The fair value of this contract is disclosed in note 23

20 Contingent liabilities

The company is party to a cross-guarantee between certain fellow group undertakings in respect of bank loans The amount outstanding at the end of the period was £50 million (2010 £60 million)

21 Related party transactions

During the period rental income of £22,411 (2010 £80,000) was received from As Nature Intended Limited, a company related by virtue of significant influence exercised by one of the directors
During the period, £10,000 (2010 £10,000) was also charged for accounting services to As Nature Intended Limited At the period end, £13,341 (2010 £142,912) was outstanding from this company

Iceland Foods Limited has a loan due from Ice and Easy Limited, a company related by virtue of common influence, totalling £1,585,532 (2010 £1,585,532)

Purchases of £465,193 (2010 £373,000) were made from Ice and Easy Limited At the period end, amounts due to Ice and Easy Limited amounted to £31,844 (2010 £34,355).

Iceland Foods Limited recharged amounts to DBC Limited, a company related through common directorship of £124,206 (2010 £46,761) At the period end, the outstanding balance amounted to £14,332 (2010 £13,775)

22 Ultimate parent undertaking and parent undertaking

The immediate and ultimate parent undertaking of the company is Iceland Foods Group Limited, a company incorporated in England and Wales Iceland Foods Group Limited is also the company's ultimate controlling related party

The smallest and largest group in which the results of the company are consolidated is that headed by Iceland Foods Group Limited The consolidated accounts of this company are available to the public and may be obtained from Companies House No other group accounts include the results of this company

23 Fair value of assets and liabilities

The group has derivative financial instruments at the balance sheet date that it has not recognised at fair values as follows

Forward currency contracts with a fair value of £17,011 (liability) (2010 £30,000 (asset))