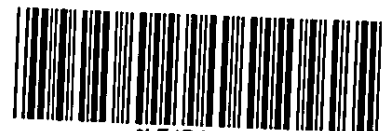


**Esca Food Solutions Limited**

**Annual Report**

**For the 52 weeks ended 29 December 2007**

**Registered Number 1372104**



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**Esca Food Solutions Limited****Annual Report****For the 52 weeks ended 29 December 2007**

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**Esca Food Solutions Limited****Directors and advisors****The Board of Directors**

M H Back  
D Gullang (resigned 18th April 2008)  
S Lavin (resigned 18th April 2008)  
M E Winkler  
D McDonald (appointed 18th April 2008)  
B Weimer (appointed 18th April 2008)

**Company Secretary**

M H Back

**Registered Office**

Luneburg Way  
Skippingdale  
Scunthorpe  
North Lincs  
DN15 8LP

**Auditors**

PricewaterhouseCoopers LLP  
Abacus House  
Castle Park  
Cambridge  
CB3 0AN

**Bankers**

Bank of America  
5 Canada Square  
London  
E14 5AQ

## **Esca Food Solutions Limited**

### **Directors' report for the 52 weeks ended 29 December 2007**

The directors present their annual report and the audited financial statements of the company for the 52 weeks ended 29 December 2007

#### **Review of business and principal activity**

The principal activity of the company has continued to be the manufacture and sale of meat products. During 2007, the company earned a pre tax profit of £2,207,000 (2006 £2,317,000) on sales of £74,729,000 (2006 £76,901,000). A dividend of £1,600,000 was paid in both years and the loss after taxation and dividends was £46,000 (2006 profit £7,000).

Raw material costs were again lower in 2007 compared with the previous year. The benefit of this was passed on in lower sales prices. It is anticipated that volumes sold in 2008 will be in line with 2007, however meat prices are expected to increase substantially. One of the main challenges facing the company is the fluctuating cost of raw meat, but it also faces pressure from customers to reduce the cost of converting raw product into finished goods. Considerable efforts have been made in this direction and during 2007 the company stopped production at its Milton Keynes site, concentrating all volumes into the one remaining plant at Scunthorpe.

#### **Key Performance Indicators ("KPI's")**

The Company's management evaluates performance on an on-going basis paying attention to a large number of performance criteria. Included within this review are a number of KPI's which are closely monitored, including sales, meat costs and conversion costs.

This enables effective decision making to be carried out both at company level and at European group level and ensures that regular reports are supplied to the ultimate holding company. Performance comparisons with fellow group members in Europe, which are engaged in a similar market, are a clearer indication of the overall efficiency of the company.

#### **Financial risk management**

The company's operations expose it to a variety of financial risks that include foreign exchange, currency rate risk and interest rate risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

##### *Price risk*

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

##### *Liquidity risk*

The company retains sufficient cash to ensure it has sufficient available funds for operations.

## **Esca Food Solutions Limited**

### **Directors' report for the 52 weeks ended 29 December 2007 (*continued*)**

#### *Interest rate cash flow risk*

The company has both interest bearing assets and interest bearing liabilities. Interest bearing liabilities include finance leases from third parties and loans from the parent undertaking. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

#### *Foreign exchange currency rate risk*

The company has a policy to minimise foreign exchange currency rate risk through the regular monitoring of foreign currency flows and putting in place, where appropriate, forward currency exchange rate contracts.

The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

#### **Charitable donations**

Donations to the Ronald McDonald House Charity during the period amounted to £6,795 (2006 £8,520).

#### **Directors**

The directors who served during the year are set out on page 2.

#### **Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

## **Directors' report for the 52 weeks ended 29 December 2007 (*continued*)**

### **Employee involvement**

The company maintains its commitment to involving its employees in the company's activities. This is achieved by monthly staff briefings covering the company's financial and commercial performance. To encourage employee involvement a focused training programme is in place underpinned by the company's participation in the Investors In People Scheme across all of its sites.

### **Employment of disabled persons**

The company is committed to the concept of equal employment opportunities for all and fair consideration is given to disabled persons, whether registered or not, for all job vacancies for which they are suitable applicants. Where possible, employees who become disabled in the company's employment will be offered alternative employment and appropriate retraining.

### **Market value of land and buildings**

In the opinion of the directors, there was no significant difference between market and book values of freehold land and buildings at 29 December 2007.

### **Disclosure of information to auditors**

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

- so far as the director is aware, there is no relevant information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

### **By order of the Board**



**M H Back**  
Company Secretary

## **Esca Food Solutions Limited**

### **Independent auditors' report to the members of Esca Food Solutions Limited**

We have audited the financial statements of Esca Food Solutions Limited for the 52 weeks ended 29 December 2007 which comprise the profit and loss account, the balance sheet, the note of historical cost profits and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

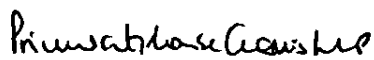
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Esca Food Solutions Limited****Independent auditors' report to the members of Esca Food Solutions Limited  
(continued)****Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 December 2007 and of its profit for the 52 weeks then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

  
**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
Cambridge 31 October 2008

# Esca Food Solutions Limited

## Profit and loss account

For the 52 weeks ended 29 December 2007

		52 weeks to 29 December 2007 £'000	52 weeks to 30 December 2006 £'000
	Note		
Turnover	2	74,729	76,901
Cost of sales		(67,020)	(71,655)
Gross profit		7,709	5,246
Distribution costs		(513)	(222)
Administrative expenses		(4,733)	(2,556)
Operating profit		2,463	2,468
Interest receivable and similar income	6	10	76
Interest payable and similar charges	7	(266)	(227)
Profit on ordinary activities before taxation	3	2,207	2,317
Tax on profit on ordinary activities	8	(197)	(710)
Profit on ordinary activities after taxation	18,19	2,010	1,607

All amounts above relate to continuing operations

The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 11 to 20 form part of these financial statements.

**Esca Food Solutions Limited**
**Note of historical cost profits and losses**
**For the 52 weeks ended 29 December 2007**

	<b>52 weeks to 29 December 2007 £'000</b>	<b>52 weeks to 30 December 2006 £'000</b>
<b>Note</b>		
Profit on ordinary activities before taxation	<b>2,207</b>	<b>2,317</b>
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	<b>18      40</b>	<b>40</b>
<b>Historical cost profit on ordinary activities before taxation</b>	<b><u>2,247</u></b>	<b><u>2,357</u></b>
<b>Historical cost profit for the period retained after taxation</b>	<b><u>2,050</u></b>	<b><u>1,647</u></b>

**Esca Food Solutions Limited****Balance Sheet as at 29 December 2007**

		29 December 2007	30 December 2006
	Note	£'000	£'000
<b>FIXED ASSETS</b>			
Tangible assets	10	9,375	7,386
<b>CURRENT ASSETS</b>			
Stocks	11	2,735	3,290
Debtors	12	4,358	2,933
Cash at bank and in hand		2	6
		<u>7,095</u>	<u>6,229</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(9,975)	(7,178)
<b>NET CURRENT LIABILITIES</b>		<u>(2,880)</u>	<u>(949)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,495	6,437
<b>CREDITORS: amounts falling due after more than one year</b>	14	(1,439)	(1,453)
<b>Provisions for liabilities and charges</b>	16	(145)	(483)
<b>NET ASSETS</b>		<u>4,911</u>	<u>4,501</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	51	51
Revaluation reserve	18	1,304	1,344
Profit and loss account	18	3,556	3,106
<b>TOTAL SHAREHOLDERS' FUNDS</b>	19	<u>4,911</u>	<u>4,501</u>

The financial statements on pages 8 to 20 were approved by the board of directors on 30 October 2008 and were signed on its behalf by



**M Back**  
Director

## Esca Food Solutions Limited

### Notes to the financial statements for the 52 weeks ended 29 December 2007

#### 1. Principal accounting policies

The financial statements have been prepared on a going concern basis in accordance with the Companies Act 1985 and with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the board of directors in accordance with Financial Reporting Standard ("FRS") 18, "Accounting Policies", and have been applied consistently, is set out below.

#### Basis of accounting

These financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets.

#### Cash flow statement

The company has taken advantage of the exemption available under FRS 1 (revised), "Cash flow statements" not to prepare a cash flow statement on the basis that the cash flows of the company are included within the consolidated financial statements of its intermediate parent company, Gands (U K), whose financial statements are publicly available.

#### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write down the cost or valuation of tangible fixed assets to their estimated residual values on a straight-line basis over the period of their expected useful economic lives, as follows:

Freehold land	Nil
Freehold buildings	Over 33 years
Additions to freehold buildings	Over the remaining depreciation period of the main building
Plant and machinery	Over 5 to 7 years
Assets held under finance leases or hire purchase	Over the period of the lease or hire purchase agreement or useful life, whichever is shorter

#### Valuation of tangible fixed assets

The directors have taken advantage of the option within the transitional provisions of FRS 15, "Tangible Fixed Assets", to retain the book values of certain tangible fixed assets at their previously revalued amounts. No further revaluations will be undertaken and the directors are not aware of any subsequent material changes in the value of revalued assets since the last full revaluation.

#### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Raw meat and packaging	Purchase cost on a first-in, first-out basis
Engineering spare parts	Purchase cost on an average basis.
Finished products	Cost of direct materials and labour, plus attributable overheads, based on a weekly level of activity.

**Esca Food Solutions Limited****1. Principal accounting policies (continued)****Deferred taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, based on tax rates and laws which have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Grants**

The government grants received are being written off to the profit and loss account over the same period as the assets to which they relate.

**Capitalisation of finance costs**

Finance costs incurred in the construction of the Scunthorpe factory were capitalised and are being written off over the expected useful economic life of the building. All other finance costs, not incurred in the construction of fixed assets, are written off to the profit and loss account in the year in which they are incurred.

**Leased assets**

Tangible fixed assets acquired under finance leases and hire purchase agreements are depreciated over the period of the lease. The related obligations, net of finance charges, are included in creditors. The finance charges are charged to the profit and loss account over the primary period of the lease in proportion to the capital element outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

**Pensions**

During the period, the company contributed to a money purchase pension scheme, the Esca Food Solutions Limited Group Personal Pension Plan. Contributions payable for the period are charged to the profit and loss account.

**Foreign currencies**

Transactions denominated 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 retranslated using the rate of exchange prevailing at the balance sheet date. All exchange differences arising are taken to the profit and loss account.

**Turnover**

Turnover, which is stated net of value added tax, represents the amount derived from the provision of goods and services which fall within the company's ordinary activities. Turnover is generally recognised when the rights and rewards of ownership of the goods have transferred to the customer.

**Esca Food Solutions Limited****2. Turnover**

An analysis of turnover by destination is given below

	52 weeks to 29 December 2007 £'000	52 weeks to 30 December 2006 £'000
United Kingdom	73,658	75,492
Rest of EU	1,071	1,409
	<u>74,729</u>	<u>76,901</u>

**3. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging / (crediting):

	52 weeks to 29 December 2007 £'000	52 weeks to 30 December 2006 £'000
Depreciation of tangible fixed assets		
- owned assets	897	915
- leased assets	72	87
(Profit)/loss on disposal of tangible fixed assets	(2)	8
Deferred income (grants)	(20)	(20)
Auditors' remuneration		
- audit services	30	28
- audit of associated companies	1	1
- taxation services	5	5
Operating lease costs.		
- Plant and equipment	152	145
- Other	52	48
	<u>52</u>	<u>48</u>

**4. Directors' emoluments**

The directors' aggregate emoluments in respect of qualifying services were -

	52 weeks to 29 December 2007 £'000	52 weeks to 30 December 2006 £'000
Aggregate emoluments	-	11

No directors (2006. no directors) were accruing benefits under money purchase pension schemes at the start or end of the period

# Esca Food Solutions Limited

## 5. Employee information

The average monthly number of persons employed by the company during the period, including executive directors, is analysed below

	52 weeks to 29 December 2007	52 weeks to 30 December 2006
	Number	Number
Administration	34	33
Manufacturing	147	158
	<u>181</u>	<u>191</u>

Staff costs (for the above persons)

	52 weeks to 29 December 2007	52 weeks to 30 December 2006
	£'000	£'000
Wages and salaries	4,004	3,802
Social security costs	384	353
Other pension costs (see note 22)	96	88
	<u>4,484</u>	<u>4,243</u>

## 6. Interest receivable and similar income

	52 weeks to 29 December 2007	52 weeks to 30 December 2006
	£'000	£'000
Bank interest receivable	3	75
Gain on foreign exchange	7	1
	<u>10</u>	<u>76</u>

## 7. Interest payable and similar charges

	52 weeks to 29 December 2007	52 weeks to 30 December 2006
	£'000	£'000
Interest payable on bank loans and overdrafts	149	58
Interest payable on hire purchase contracts	11	23
Interest payable on loan from group company	106	146
	<u>266</u>	<u>227</u>

## Esca Food Solutions Limited

### 8. Tax on profit on ordinary activities

#### Analysis of tax charge in the period

	52 weeks to 29 December 2007 £'000	52 weeks to 30 December 2006 £'000
<b>Current tax:</b>		
UK corporation tax and group relief on profits of the period	535	746
<b>Total current tax</b>	<b>535</b>	<b>746</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences (ACA's and other)	134	(36)
Release of provision relating to IBA's	(440)	-
Change in tax rate – impact on deferred tax assets	(32)	-
<b>Total deferred tax</b>	<b>(338)</b>	<b>(36)</b>
<b>Tax on profit on ordinary activities</b>	<b>197</b>	<b>710</b>

#### Factors affecting the tax charge in the year

The tax charge for the period is lower (2006 higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below

	52 weeks to 29 December 2007 £'000	52 weeks to 30 December 2006 £'000
Profit on ordinary activities before taxation	2,207	2,317
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	662	695
Effects of		
Expenses not deductible for tax purposes	23	22
Income not taxable	(6)	(6)
Differences between capital allowances and depreciation	(144)	35
<b>Current tax charge for the period</b>	<b>535</b>	<b>746</b>

### 9 Dividends

	52 weeks to 29 December 2007 £'000	52 weeks to 30 December 2006 £'000
Interim paid £31 683 (2006 £31.683) per £1 ordinary share	1,600	1,600

## Esca Food Solutions Limited

### 10. Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 31 December 2006	11,506	16,177	27,683
Additions	-	2,958	2,958
Disposals	-	(8,321)	(8,321)
<b>At 29 December 2007</b>	<b>11,506</b>	<b>10,814</b>	<b>22,320</b>
<b>Depreciation</b>			
At 31 December 2006	5,886	14,411	20,297
Charge for the year	303	666	969
Eliminated in respect of disposals	-	(8,321)	(8,321)
<b>At 29 December 2007</b>	<b>6,189</b>	<b>6,756</b>	<b>12,945</b>
<b>Net Book Value</b>			
<b>At 29 December 2007</b>	<b>5,317</b>	<b>4,058</b>	<b>9,375</b>
At 30 December 2006	5,620	1,766	7,386

### Hire purchase and finance lease agreements

Included within the net book value is £90,000 (2006 £162,000) relating to plant and machinery held under hire purchase agreements

### Capitalised interest

Included in tangible fixed assets is capitalised interest at an original cost of £335,945. Depreciation relating to capitalised interest amounted to £10,180 (2006 £10,180)

### Valuation

The land and buildings were valued by Edmond Shipway, Chartered Quantity Surveyors, on 28 March 1990, on a replacement cost basis, at £10,325,000. The cost of the land and buildings at 29 December 2007 was £9,210,451 (2006 £9,210,451) and their net book value, based on cost, was £4,013,708 (2006 £4,276,939)

### Security

The freehold premises are subject to a legal charge in order to secure borrowings made by the group, as detailed in note 21

### Land and buildings

The cost of depreciating assets included in land and buildings was £8,403,251 (2006 £8,403,251)

**Esca Food Solutions Limited****11. Stocks**

	29 December 2007	30 December 2006
	£'000	£'000
Raw meat	480	189
Packaging and engineering spares	432	605
Finished goods	1,823	2,496
	<u>2,735</u>	<u>3,290</u>

The replacement value of stock is not materially different from the book value

**12. Debtors**

	29 December 2007	30 December 2006
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade debtors	3,841	2,437
Amounts owed by group undertakings	141	6
Prepayments and accrued income	234	312
Other debtors	142	178
	<u>4,358</u>	<u>2,933</u>

**13. Creditors: amounts falling due within one year**

	29 December 2007	30 December 2006
	£'000	£'000
Bank overdraft	2,446	571
Hire purchase obligations	53	91
Trade creditors	6,610	5,430
Amounts owed to group undertakings	202	336
Corporation tax and group relief	-	233
Other taxes and social security costs	92	133
Accruals	552	364
Deferred income – grant	20	20
	<u>9,975</u>	<u>7,178</u>

**14. Creditors: amounts falling due after more than one year**

	29 December 2007	30 December 2006
	£'000	£'000
Hire purchase obligations	51	104
Amounts owed to group undertakings	1,108	1,049
Deferred income – grant	280	300
	<u>1,439</u>	<u>1,453</u>

**Esca Food Solutions Limited****15. Maturity of long-term creditors**

Future obligations under hire purchase contracts are as follows

	29 December 2007	30 December 2006
	£'000	£'000
Amounts payable within one year	53	91
Amounts payable within two to five years	51	104
	<u>104</u>	<u>195</u>

The maturity of these amounts is as follows:

	29 December 2007	30 December 2006
	£'000	£'000
Amounts payable within one year	58	102
Amounts payable within two to five years	53	111
	<u>111</u>	<u>213</u>
Less finance charges allocated to future periods	(7)	(18)
	<u>104</u>	<u>195</u>

Deferred income - grant

	29 December 2007	30 December 2006
	£'000	£'000
To be written off within one year	20	20
To be written off within two to five years	80	80
To be written off in over five years	200	220
	<u>300</u>	<u>320</u>

**16. Provisions for liabilities and charges**

Deferred tax:

	29 December 2007	30 December 2006
	Provided	Provided
	£'000	£'000
Excess of capital allowances over depreciation	148	486
Other short-term timing differences	(3)	(3)
	<u>145</u>	<u>483</u>

	£'000
At 31 December 2006	483
Credited to the profit and loss account (note 8)	(338)
At 29 December 2007	<u>145</u>

In April 2007, the UK Government announced a cut of 2% in the UK Corporation Tax rate for large companies with effect from 1 April 2008. The deferred tax liability is therefore calculated based on this new rate.

The UK Government also announced that no balancing adjustments would be made on disposals of assets qualifying for Industrial Buildings Allowances after 21 March 2007. The company's deferred tax liabilities of £440,000 relating to such assets have therefore been released in the year.

# Esca Food Solutions Limited

## 17. Called up share capital

### Authorised:

	29 December 2007	30 December 2006
	£'000	£'000
50,500 ordinary shares of £1 each	51	51

### Allotted, called up and fully paid:

	29 December 2007	30 December 2006
	£'000	£'000
50,500 ordinary shares of £1 each	51	51

## 18. Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 31 December 2006	1,344	3,106
Profit on ordinary activities after taxation	-	2,010
Ordinary dividend paid	-	(1,600)
Transfer from revaluation reserve	(40)	40
At 29 December 2007	1,304	3,556

## 19. Reconciliation of movements in shareholders' funds

	29 December 2007	30 December 2006
	£'000	£'000
Opening shareholders' funds	4,501	4,494
Profit on ordinary activities after taxation	2,010	1,607
Dividends	(1,600)	(1,600)
Closing shareholders' funds	4,911	4,501

## 20. Commitments under operating leases

At 29 December 2007, the company had annual commitments under non-cancellable operating leases as set out below:

	29 December 2007		30 December 2006	
	Land and Buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within 1 year	-	75	-	27
Within 2 to 5 years	-	41	-	115
	-	116	-	142

**Esca Food Solutions Limited****21. Guarantees**

In September 2004, the company participated in a global loan facility with an international syndicate of banks. All borrowings are secured by fixed and floating charges over the majority of assets and undertakings of the company. These charges are supported by unlimited cross guarantees and by fixed charges and share pledges over the shares of the company. In addition, the company has entered into cross guarantees in respect of borrowings of other companies in the OSI Group LLC.

**22. Pensions**

The company contributes to a money purchase pension scheme, the Esca Food Solutions Limited Group Personal Pension Plan. The charge for the period was £96,000 (2006: £88,000). At the period end, the amount of contributions outstanding in accruals was £nil (2006: £14,000).

**23. Related party transactions**

The company has taken advantage of the exemptions contained in FRS 8, "Related Party Disclosures", not to disclose transactions with its parent undertakings, fellow subsidiary undertakings or the associated undertakings of any group company on the grounds that it is a 100% owned subsidiary and the consolidated financial statements of Gands (U.K.), the intermediate parent undertaking, are publicly available.

**24. Immediate and ultimate parent company and controlling party**

The immediate parent undertaking of the company is Esca Food Solutions Holdings Limited, a company incorporated in England, by virtue of its 100% shareholding in the company. The directors regard OSI Group LLC, a company incorporated in the United States of America, to be the company's ultimate parent undertaking and ultimate controlling party, by virtue of its shareholding in the intermediate parent undertaking.

The smallest group in which the results of Esca Food Solutions Limited are consolidated is that of Gands (U.K.), the intermediate parent company. Copies of Gands (U.K.)'s financial statements are publicly available from Companies House, Cardiff. The financial statements of OSI Group LLC are not publicly available.

**25. Capital commitments**

Capital commitments at the balance sheet date amounted to £63,000 (2006: £46,000).