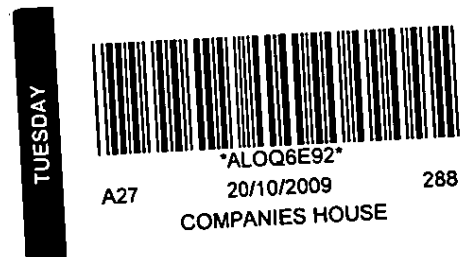


Esca Food Solutions Limited

Annual Report

For the 53 weeks ended 3 January 2009

Registered Number 1372104



Esca Food Solutions Limited**Annual Report****For the 53 weeks ended 3 January 2009**

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

M H Back
D M Gullang (resigned 18 April 2008)
S Lavin (resigned 18 April 2008)
P J Marsden (appointed 27 May 2009)
D G McDonald (appointed 18 April 2008)
W J Weimer (appointed 18 April 2008)
M E Winkler

Company Secretary

M H Back

Registered Office

Lunenburg Way
Skippingdale
Scunthorpe
North Lines
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 53 weeks ended 3 January 2009

The directors present their annual report and the audited financial statements of the company for the 53 weeks ended 3 January 2009.

Review of business and principal activity

The principal activity of the company has continued to be the manufacture and sale of meat products. During 2008, the company earned a pre tax profit of £2,310,000 (2007: £2,207,000) on sales of £108,217,000 (2007: £74,729,000). A dividend of £1,600,000 was paid in both years and the profit after taxation and dividends was £25,000 (2007: profit £410,000).

Raw material costs rose significantly in 2008 compared with the previous year. The impact of this was passed on in higher sales prices. It is anticipated that volumes sold in 2009 will be in line with 2008. Having consolidated all volumes into the one remaining plant at Scunthorpe, the Milton Keynes property was put up for sale. It was finally sold in May 2009, and based on the sales price achieved an impairment charge of £960,000 was made to the carrying value of the property (see note 10).

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 53 weeks ended 3 January 2009 (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 £13,000 (2007: £6,795).

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.

Esca Food Solutions Limited

Directors' report for the 53 weeks ended 3 January 2009 (*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, following the impairment of the value of the Milton Keynes property, there was no significant difference between market and book values of freehold land and buildings at 3 January 2009.

Post balance sheet events

On 21 May 2009, the property at Milton Keynes was sold for £1,450,000.

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 53 weeks ended 3 January 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet 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

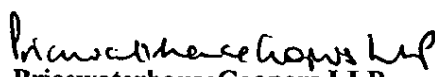
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 3 January 2009 and of its profit for the 53 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 23 June 2009,

Esca Food Solutions Limited

Profit and loss account

For the 53 weeks ended 3 January 2009

		53 weeks to 3 January 2009 £'000	52 weeks to 29 December 2007 £'000
Turnover	Note 2	108,217	74,729
Cost of sales		(101,421)	(67,020)
Gross profit		6,796	7,709
Distribution costs		(1,126)	(513)
Administrative expenses		(3,061)	(4,733)
Operating profit		2,609	2,463
Interest receivable and similar income	6	6	10
Interest payable and similar charges	7	(305)	(266)
Profit on ordinary activities before taxation	3	2,310	2,207
Tax on profit on ordinary activities	8	(685)	(197)
Profit on ordinary activities after taxation	18,19	1,625	2,010

All amounts above relate to continuing operations.

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

Esca Food Solutions Limited

Statement of total recognised gains and losses

For the 53 weeks ended 3 January 2009

	Note	53 weeks to 3 January 2009 £'000	52 weeks to 29 December 2007 £'000
Profit on ordinary activities after taxation		1,625	2,010
Impairment of revalued tangible fixed assets	10,18	(960)	-
Total recognised gains relating to the period		665	2,010

Note of historical cost profits and losses

For the 53 weeks ended 3 January 2009

	Note	53 weeks to 3 January 2009 £'000	52 weeks to 29 December 2007 £'000
Profit on ordinary activities before taxation		2,310	2,207
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	18	-	40
Historical cost profit on ordinary activities before taxation		2,310	2,247
Historical cost profit for the period retained after taxation		1,625	2,050

Esca Food Solutions Limited**Balance Sheet as at 3 January 2009**

		3 January 2009	29 December 2007
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	10	7,623	9,375
CURRENT ASSETS			
Stocks	11	3,310	2,735
Debtors	12	8,786	4,358
Cash at bank and in hand		177	2
		<u>12,273</u>	<u>7,095</u>
CREDITORS: amounts falling due within one year	13	(14,564)	(9,975)
NET CURRENT LIABILITIES		<u>(2,291)</u>	<u>(2,880)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,332	6,495
CREDITORS: amounts falling due after more than one year	14	(1,258)	(1,439)
Provisions for liabilities and charges	16	(98)	(145)
NET ASSETS		<u>3,976</u>	<u>4,911</u>
CAPITAL AND RESERVES			
Called up share capital	17	51	51
Revaluation reserve	18	344	1,304
Profit and loss account	18	3,581	3,556
TOTAL SHAREHOLDERS' FUNDS	19	<u>3,976</u>	<u>4,911</u>

The financial statements on pages 8 to 20 were approved by the board of directors on 18 June 2009 and were signed on its behalf by:



.....
M H Back
Director

Esca Food Solutions Limited

Notes to the financial statements for the 53 weeks ended 3 January 2009

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 preparing the financial statements – going concern assumption

The company has net current liabilities at 3 January 2009. The directors have prepared the financial statements on the going concern basis, as confirmation has been received from OSI Group LLC, the company's ultimate parent undertaking, that financial support will be provided for a period of at least twelve months from the date of approval of the financial statements to enable the company to meet its obligations as they fall due.

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 8 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. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account.

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:

	53 weeks to 3 January 2009 £'000	52 weeks to 29 December 2007 £'000
United Kingdom	102,333	73,658
Rest of EU	5,884	1,071
	<u>108,217</u>	<u>74,729</u>

3. Profit on ordinary activities before taxation

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

	53 weeks to 3 January 2009 £'000	52 weeks to 29 December 2007 £'000
Depreciation of tangible fixed assets:		
- owned assets	1,095	897
- leased assets	50	72
(Profit) on disposal of tangible fixed assets	(12)	(2)
Deferred income (grants)	(22)	(20)
Auditors' remuneration:		
- audit services	27	30
- audit of associated companies	1	1
- taxation services	14	5
Operating lease costs:		
- Plant and equipment	91	152
- Other	62	52
	<u>62</u>	<u>52</u>

4. Directors' emoluments

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

	53 weeks to 3 January 2009 £'000	52 weeks to 29 December 2007 £'000
Aggregate emoluments	-	-

No directors (2007: 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:

	53 weeks to 3 January 2009	52 weeks to 29 December 2007
	Number	Number
Administration	22	34
Manufacturing	154	147
	<u>176</u>	<u>181</u>

Staff costs (for the above persons):

	53 weeks to 3 January 2009	52 weeks to 29 December 2007
	£'000	£'000
Wages and salaries	3,700	4,004
Social security costs	345	384
Other pension costs (see note 22)	86	96
	<u>4,131</u>	<u>4,484</u>

6. Interest receivable and similar income

	53 weeks to 3 January 2009	52 weeks to 29 December 2007
	£'000	£'000
Bank interest receivable	6	3
Gain on foreign exchange	-	7
	<u>6</u>	<u>10</u>

7. Interest payable and similar charges

	53 weeks to 3 January 2009	52 weeks to 29 December 2007
	£'000	£'000
Interest payable on bank loans and overdrafts	173	149
Interest payable on hire purchase contracts	5	11
Interest payable on loan from group company	92	106
Loss on foreign exchange	35	-
	<u>305</u>	<u>266</u>

Esca Food Solutions Limited

8. Tax on profit on ordinary activities

Analysis of tax charge in the period

	53 weeks to 3 January 2009 £'000	52 weeks to 29 December 2007 £'000
Current tax:		
UK corporation tax and group relief on profits of the period	692	535
Adjustments in respect of previous periods	40	-
Total current tax	732	535
Deferred tax:		
Origination and reversal of timing differences (ACA's and other)	(29)	134
Adjustments in respect of previous periods	(18)	-
Release of provision relating to IBA's	-	(440)
Change in tax rate – impact on deferred tax assets	-	(32)
Total deferred tax	(47)	(338)
Tax on profit on ordinary activities	685	197

Factors affecting the tax charge in the period

The tax charge for the period is higher (2007: lower) than the standard rate of corporation tax in the UK (28.5%). The differences are explained below:

	53 weeks to 3 January 2009 £'000	52 weeks to 29 December 2007 £'000
Profit on ordinary activities before taxation	2,310	2,207
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	659	662
Effects of:		
Expenses not deductible for tax purposes	10	23
Income not taxable	(6)	(6)
Differences between capital allowances and depreciation	29	(144)
Adjustments in respect of previous periods	40	-
Current tax charge for the period	732	535

9 Dividends

	53 weeks to 3 January 2009 £'000	52 weeks to 29 December 2007 £'000
Interim paid: £31.683 (2007: £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
Cost			
At 30 December 2007	11,506	10,814	22,320
Additions	-	353	353
Disposals	-	(2,242)	(2,242)
At 3 January 2009	11,506	8,925	20,431
Depreciation			
At 30 December 2007	6,189	6,756	12,945
Charge for the year	165	980	1,145
Impairment	960	-	960
Eliminated in respect of disposals	-	(2,242)	(2,242)
At 3 January 2009	7,314	5,494	12,808
Net Book Value			
At 3 January 2009	4,192	3,431	7,623
At 29 December 2007	5,317	4,058	9,375

Hire purchase and finance lease agreements

Included within the net book value is £39,000 (2007: £90,000) 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 (2007: £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 3 January 2009 was £9,210,451 (2007: £9,210,451) and their net book value, based on cost, was £2,889,270 (2007: £4,013,708).

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 (2007: £8,403,251).

Esca Food Solutions Limited

11. Stocks

	3 January 2009	29 December 2007
	£'000	£'000
Raw meat	520	480
Packaging and engineering spares	481	432
Finished goods	2,309	1,823
	3,310	2,735

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

12. Debtors

	3 January 2009	29 December 2007
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	8,142	3,841
Amounts owed by group undertakings	321	141
Prepayments and accrued income	212	234
Other debtors	111	142
	8,786	4,358

13. Creditors: amounts falling due within one year

	3 January 2009	29 December 2007
	£'000	£'000
Bank overdraft	-	2,446
Hire purchase obligations	51	53
Trade creditors	13,665	6,610
Amounts owed to group undertakings	256	202
Corporation tax and group relief	358	-
Other taxes and social security costs	91	92
Accruals	123	552
Deferred income – grant	20	20
	14,564	9,975

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

	3 January 2009	29 December 2007
	£'000	£'000
Hire purchase obligations	-	51
Amounts owed to group undertakings	1,000	1,108
Deferred income – grant	258	280
	1,258	1,439

Amounts owed to group undertakings represent a loan from the UK parent company Gands (U.K.) repayable on 1 January 2011, which bears interest at variable rates based on LIBOR.

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

Future obligations under hire purchase contracts are as follows:

	3 January 2009	29 December 2007
	£'000	£'000
Amounts payable within one year	51	53
Amounts payable within two to five years	-	51
	<u>51</u>	<u>104</u>

The maturity of these amounts is as follows:

	3 January 2009	29 December 2007
	£'000	£'000
Amounts payable within one year	53	58
Amounts payable within two to five years	-	53
	<u>53</u>	<u>111</u>
Less finance charges allocated to future periods	(2)	(7)
	<u>51</u>	<u>104</u>

Deferred income - grant

	3 January 2009	29 December 2007
	£'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	178	200
	<u>278</u>	<u>300</u>

16. Provisions for liabilities and charges

Deferred tax:

	3 January 2009	29 December 2007
	Provided	Provided
	£'000	£'000
Excess of capital allowances over depreciation	98	148
Other short-term timing differences	-	(3)
	<u>98</u>	<u>145</u>

	£'000
At 30 December 2007	145
Charged to the profit and loss account (note 8)	(47)
At 3 January 2009	<u>98</u>

There is no unprovided deferred tax (2007: £nil).

Esca Food Solutions Limited

17. Called up share capital

Authorised:

	3 January 2009	29 December 2007
	£'000	£'000
50,500 ordinary shares of £1 each	51	51

Allotted, called up and fully paid:

	3 January 2009	29 December 2007
	£'000	£'000
50,500 ordinary shares of £1 each	51	51

18. Reserves

	Revaluation reserve	Profit and loss account
	£'000	£'000
At 30 December 2007	1,304	3,556
Profit on ordinary activities after taxation	-	1,625
Ordinary dividend paid	-	(1,600)
Impairment of tangible fixed assets	(960)	-
At 3 January 2009	344	3,581

19. Reconciliation of movements in shareholders' funds

	3 January 2009	29 December 2007
	£'000	£'000
Opening shareholders' funds	4,911	4,501
Profit on ordinary activities after taxation	1,625	2,010
Dividends	(1,600)	(1,600)
Impairment of tangible fixed assets	(960)	-
Closing shareholders' funds	3,976	4,911

20. Commitments under operating leases

At 3 January 2009, the company had annual commitments under non-cancellable operating leases as set out below:

	3 January 2009		29 December 2007	
	Land and Buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	-	29	-	75
Within 2 to 5 years	-	47	-	41
	-	76	-	116

Esca Food Solutions Limited

21. Guarantees

In November 2008, the company participated in a global loan facility with an international syndicate of banks. Total borrowings under this facility as at 3 January 2009 were £1,928,000 (29 December 2007: £131,656,000). All borrowings are secured by fixed and floating charges over the majority of assets and undertakings of companies within the group. 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 group. The directors do not expect any material loss to the company to arise in respect of the guarantees

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 £86,000 (2007: £96,000). At the period end, the amount of contributions outstanding in accruals was £13,000 (2007: £nil).

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 £25,000 (2007: £63,000).

26. Post balance sheet events

On 21 May 2009, the property at Milton Keynes was sold for £1,450,000.