

OSI Food Solutions UK Limited

Annual Report

For the 52 weeks ended 28 December 2013

Registered Number 1372104



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OSI Food Solutions UK Limited**Annual Report****For the 52 weeks ended 28 December 2013**

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OSI Food Solutions UK Limited

Directors and advisors

The Board of Directors

M H Back
P J Marsden
D G McDonald
S A De Meulenaere

Company Secretary

M H Back

Registered Office

Luneburg Way
Skippingdale
Scunthorpe
North Lincolnshire
United Kingdom
DN15 8LP

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Abacus House
Castle Park
Cambridge
CB3 0AN

Bankers

Bank of Ireland Ltd
PO Box 1755
Croydon
CR9 2SB

OSI Food Solutions UK Limited

Strategic report for the 52 weeks ended 28 December 2013

Review of business

The principal activity of the Company has continued to be the manufacture and sale of meat products

Development and performance during the year

During 2013, the Company recorded a profit on ordinary activities before taxation of £2,549,000 (2012 £2,841,000) on sales of £155,212,000 (2012 £162,968,000). An interim dividend of £2,000,000 (2012 £2,000,000) was paid and the loss after taxation and dividends was £47,000 (2012: profit £122,000). The Directors do not recommend the payment of a final dividend (2012: £nil)

Raw material costs rose again during 2013 compared with the previous period. The impact of this was passed on in higher sales prices.

Position at the year end

Following the opening of the extension to the Scunthorpe factory the Company has a lower unit cost of manufacture and is in a strong position at the year end. It is anticipated that volumes sold in 2014 will be in line with 2013. The Company is actively seeking new customers to utilise the extra capacity available.

Principal Risks and Uncertainties

The Company's operations expose it to a variety of financial risks that include commodity price risk, liquidity risk, interest rate cash flow risk and foreign exchange currency 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.

Liquidity risk

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

Interest rate cash flow risk

The Company has both interest bearing assets and interest bearing liabilities. Fixed interest bearing liabilities include finance leases from third parties. There were also variable interest rate 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 the above policies should the Company's operations change in size or nature.

OSI Food Solutions UK Limited

Strategic report for the 52 weeks ended 28 December 2013 (continued)

Key Performance Indicators ("KPI's")

Discussion of the key performance indicators, in the context of the group as a whole, including the Company, is provided on page 2 of the Gands (U K) annual report, which does not form part of this report

On behalf of the Board



M H Back
Director

24 June 2014

OSI Food Solutions UK Limited

Directors' report for the 52 weeks ended 28 December 2013

The directors present their annual report and the audited financial statements of the Company for the 52 weeks ended 28 December 2013

Future developments

The future developments of the Company are included within the Strategic Report on page 3.

Charitable donations

Donations to the Ronald McDonald House Charity during the period amounted to £15,000 (2012: £19,000)

Directors

The directors who served during the period and up to the date of signing the financial statements are as follows -

M H Back
P J Marsden
D G McDonald
W J Weimer (resigned 27 March 2014)
S A De Meulenaere (appointed 27 March 2014)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

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



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OSI Food Solutions UK Limited

Directors' report for the 52 weeks ended 28 December 2013 (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.

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.

Policy and practice on payment of creditors

It is the Company's policy, in respect of all suppliers, to agree payment terms in advance of the supply of goods and to adhere to those payment terms. Trade creditors of the Company at the period end as a proportion of amounts invoiced by suppliers during the period represent 34 days (2012: 34 days).

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 28 December 2013.

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/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



M H Back
Director
 24 June 2014

OSI Food Solutions UK Limited

Independent auditors' report to the members of OSI Food Solutions UK Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 28 December 2013 and of its profit for the 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.

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by OSI Food Solutions UK Limited comprise

- the balance sheet as at 28 December 2013,
- the profit and loss account for the period then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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

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

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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



OSI Food Solutions UK Limited

Independent auditors' report to the members of OSI Food Solutions UK Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, 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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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



Christopher Maw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
25 June 2014

OSI Food Solutions UK Limited

Profit and loss account

For the 52 weeks ended 28 December 2013

	Note	52 weeks to 28 December 2013 £'000	52 weeks to 29 December 2012 £'000
Turnover	2	155,212	162,968
Cost of sales		(149,416)	(156,743)
Gross profit		5,796	6,225
Distribution costs		(1,323)	(1,401)
Administrative expenses		(1,820)	(1,895)
Operating profit		2,653	2,929
Interest payable and similar charges	6	(104)	(88)
Profit on ordinary activities before taxation	3	2,549	2,841
Tax on profit on ordinary activities	7	(596)	(719)
Profit for the financial period	17, 18	1,953	2,122

All amounts above relate to continuing operations

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

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the financial periods stated above and their historical cost equivalents

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


OSI Food Solutions UK Limited

Balance Sheet as at 28 December 2013

Registered Number: 1372104

		28 December 2013	29 December 2012
	Note	£'000	£'000
FIXED ASSETS			
Tangible assets	9	<u>11,446</u>	<u>8,403</u>
CURRENT ASSETS			
Stocks	10	3,490	3,922
Debtors	11	4,923	4,596
Cash at bank and in hand		<u>2,251</u>	<u>2,145</u>
		<u>10,664</u>	<u>10,663</u>
CREDITORS: amounts falling due within one year	12	<u>(15,209)</u>	<u>(15,055)</u>
NET CURRENT LIABILITIES		<u>(4,545)</u>	<u>(4,392)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,901</u>	<u>4,011</u>
CREDITORS: amounts falling due after more than one year	13	(3,475)	(676)
Provisions for liabilities	15	(331)	(193)
NET ASSETS		<u>3,095</u>	<u>3,142</u>
CAPITAL AND RESERVES			
Called up share capital	16	51	51
Revaluation reserve	17	70	75
Profit and loss account	17	<u>2,974</u>	<u>3,016</u>
TOTAL SHAREHOLDERS' FUNDS	18	<u>3,095</u>	<u>3,142</u>

The financial statements on pages 9 to 20 were approved by the board of directors on 27 June 2014 and were signed on its behalf by


 M H Back
 Director

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 28 December 2013

1. Principal accounting policies

The financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 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

Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation. 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 3 to 8 years
Assets held under finance leases	Over the period of the lease or useful life, whichever is shorter

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.

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.

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.

Where necessary provision is made for obsolete, slow moving and defective stocks.

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 28 December 2013 (continued)

1. Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Grants

Government grants received are released to the profit and loss account over the same period as the assets to which they relate.

Capitalisation of finance costs

Finance costs directly incurred in the construction of freehold buildings are 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 period in which they are incurred.

Leased assets

Tangible fixed assets acquired under finance leases are depreciated over the period of the lease or useful life, if shorter. 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 OSI Food Solutions UK 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 which fall within the Company's ordinary activities. Turnover is recognised when the risks and rewards of ownership of the goods have transferred to the customer.

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 28 December 2013 (continued)

2. Turnover

There is only one class of business which is the manufacture and sale of meat products

An analysis of turnover by destination is given below

	52 weeks to 28 December 2013 £'000	52 weeks to 29 December 2012 £'000
United Kingdom	154,840	158,172
Rest of EU	372	4,796
	<u>155,212</u>	<u>162,968</u>

3. Profit on ordinary activities before taxation

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

	52 weeks to 28 December 2013 £'000	52 weeks to 29 December 2012 £'000
Depreciation of tangible fixed assets		
- owned assets	1,024	1,043
- leased assets	108	-
Release of deferred income (grants)	(20)	(22)
Gain on sale of tangible fixed assets	(33)	(3)
Auditors' remuneration		
- audit services	27	26
- audit of associated companies	1	1
- taxation compliance services	12	20
Foreign exchange gains	(25)	-
Operating lease costs		
- Plant and machinery	53	53
- Other	122	112
	<u>122</u>	<u>112</u>

4. Directors' emoluments

	52 weeks to 28 December 2013 £'000	52 weeks to 29 December 2012 £'000
Aggregate emoluments (including benefit in kind)	279	248
Contributions to money purchase pension scheme	38	36
	<u>317</u>	<u>284</u>

The total emoluments, including contributions to money purchase pension scheme, of the highest paid director were £317,000 (2012: £284,000)

The number of directors for whom retirement benefits are accruing under money purchase pension schemes is 1 (2012: 1)

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 28 December 2013 (continued)

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 28 December 2013	52 weeks to 29 December 2012
By activity:	Number	Number
Administration	20	21
Manufacturing	146	153
	<u>166</u>	<u>174</u>

Staff costs (for the above persons)

	52 weeks to 28 December 2013	52 weeks to 29 December 2012
	£'000	£'000
Wages and salaries	3,839	3,819
Social security costs	413	415
Other pension costs (see note 21)	137	132
	<u>4,389</u>	<u>4,366</u>

6. Interest payable and similar charges

	52 weeks to 28 December 2013	52 weeks to 29 December 2012
	£'000	£'000
Interest payable on bank overdrafts	14	3
Interest payable on loan from group company	35	2
Interest payable on finance leases	55	-
Loss on foreign exchange	-	83
	<u>104</u>	<u>88</u>

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 28 December 2013 (continued)

7. Tax on profit on ordinary activities

Analysis of tax charge in the period

	52 weeks to 28 December 2013 £'000	52 weeks to 29 December 2012 £'000
Current tax:		
UK corporation tax and group relief on profits of the period	458	692
Total current tax	458	692
Deferred tax:		
Origination and reversal of timing differences	163	40
Restatement for reduction in the corporation tax rate to 20% (2012 23%)	(25)	(13)
Total deferred tax (note 15)	138	27
Tax on profit on ordinary activities	596	719

Factors affecting the tax charge in the period

The tax charge for the period is higher (2012 lower) than the standard rate of corporation tax in the UK of 23.25% (2012 24.5%). The differences are explained below

	52 weeks to 28 December 2013 £'000	52 weeks to 29 December 2012 £'000
Profit on ordinary activities before taxation	2,549	2,841
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 23.25% (2012 24.5%)	593	696
Effects of		
Expenses not deductible for tax purposes	43	44
Income not taxable	(5)	(5)
Differences between capital allowances and depreciation	(173)	(43)
Current tax charge for the period	458	692

8. Dividends

	52 weeks to 28 December 2013 £'000	52 weeks to 29 December 2012 £'000
Interim paid £39,604 (2012 £39,604) per £1 ordinary share	2,000	2,000

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 28 December 2013 (continued)

9. Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Total
	£'000	£'000	£'000
Cost or valuation			
At 30 December 2012	7,295	13,636	20,931
Additions	589	3,616	4,205
Disposals	-	(320)	(320)
At 28 December 2013	7,884	16,932	24,816
Accumulated Depreciation			
At 30 December 2012	3,895	8,633	12,528
Charge for the period	199	933	1,132
Disposals	-	(290)	(290)
At 28 December 2013	4,094	9,276	13,370
Net Book Value			
At 28 December 2013	3,790	7,656	11,446
At 29 December 2012	3,400	5,003	8,403

Assets held under finance leases

Included within the net book value is £4,202,000 (2012 £nil) relating to plant and machinery held under finance lease agreements

Capitalised interest

Included in tangible fixed assets is capitalised interest at an original cost of £336,000 (2012 £336,000) Depreciation relating to capitalised interest amounted to £10,000 (2012 £10,000)

Valuation

The land and buildings were valued by Edmond Shipway, Chartered Quantity Surveyors, on 28 March 1990, on a replacement cost basis, at £5,405,000 The cost of the land and buildings at 28 December 2013 was £7,617,000 (2012 £7,028,000) and their net book value, based on historic cost, was £3,720,000 (2012 £3,325,000)

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 28 December 2013 (continued)

10. Stocks

	28 December 2013 £'000	29 December 2012 £'000
Raw meat	543	472
Packaging and engineering spares	678	658
Finished goods	2,269	2,792
	<u>3,490</u>	<u>3,922</u>

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

11. Debtors

	28 December 2013 £'000	29 December 2012 £'000
Amounts falling due within one year:		
Trade debtors	4,181	4,044
Amounts owed by group undertakings	82	66
Other debtors	399	261
Prepayments and accrued income	261	225
	<u>4,923</u>	<u>4,596</u>

12. Creditors: amounts falling due within one year

	28 December 2013 £'000	29 December 2012 £'000
Trade creditors	13,736	14,277
Amounts owed to group undertakings	218	108
Amounts owed to leasing companies (note 14)	797	-
Corporation tax and group relief	76	314
Other taxation and social security	112	116
Accruals and deferred income	270	240
	<u>15,209</u>	<u>15,055</u>

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

	28 December 2013 £'000	29 December 2012 £'000
Amounts owed to group companies	-	500
Amounts owed to leasing companies (note 14)	3,319	-
Accruals and deferred income	156	176
	<u>3,475</u>	<u>676</u>

Amounts owed to group companies comprise a loan from Gands (U K), which bears interest at rates based on Libor and is repayable on 1 January 2017. Amounts owed to leasing companies represent a finance lease repayable over five year period and carries interest at 4 4%

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 28 December 2013 (continued)

14. Maturity of long-term creditors

Finance lease

	28 December 2013 £'000	29 December 2012 £'000
Due within one year	797	-
Due within one to two years	832	-
Due within two to five years	2,487	-
	<u>4,116</u>	<u>-</u>

Deferred income - grant

	28 December 2013 £'000	29 December 2012 £'000
To be released within one year	20	20
To be released within one to two years	20	20
To be released within two to five years	60	60
To be released in over five years	76	96
	<u>176</u>	<u>196</u>

15. Provisions for liabilities

Deferred tax:

	28 December 2013 Provided £'000	29 December 2012 Provided £'000
Excess of capital allowances over depreciation	331	193
	<u>331</u>	<u>193</u>
	£'000	
At 30 December 2012	193	
Charged to the profit and loss account (note 7)	138	
At 28 December 2013	<u>331</u>	

There is no unprovided deferred tax (2012 £nil)

The standard rate of Corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 23.25%. It was announced in the March 2013 UK Budget Statement that the standard UK Corporation Tax rate will reduce from 23% to 21% from 1 April 2015 and from 1 April 2015 to 20%. The deferred tax balances in the financial statements have been calculated using a rate of 20% as this was the rate enacted in law at the balance sheet date for the period in which the deferred tax balance is forecast to be utilised. The changes are not anticipated to have a material impact on the Company's financial statements in future periods.

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 28 December 2013 (continued)

16. Called up share capital

Authorised:

	28 December 2013 £'000	29 December 2012 £'000
50,500 (2012 50,500) ordinary shares of £1 each	51	51

Allotted and fully paid:

	28 December 2013 £'000	29 December 2012 £'000
50,500 (2012 50,500) ordinary shares of £1 each	51	51

17. Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 30 December 2012	75	3,016
Profit for the financial period	-	1,953
Ordinary dividend paid	-	(2,000)
Transfer from revaluation reserve	(5)	5
At 28 December 2013	70	2,974

18. Reconciliation of movements in shareholders' funds

	28 December 2013 £'000	29 December 2012 £'000
Opening shareholders' funds	3,142	3,020
Profit for the financial period	1,953	2,122
Dividends	(2,000)	(2,000)
Closing shareholders' funds	3,095	3,142

19. Commitments under operating leases

At 28 December 2013, the Company had annual commitments under non-cancellable vehicle and equipment operating leases as set out below

	28 December 2013 £'000	29 December 2012 £'000
Operating leases which expire		
Within 1 year	179	7
Within 1 to 2 years	166	8
Within 2 to 5 years	148	157
	493	172

OSI Food Solutions UK Limited

Notes to the financial statements for the 52 weeks ended 28 December 2013 (continued)

20. Guarantees

In November 2012 the OSI Group LLC arranged global loan facilities with various international banks. Total borrowings under these facilities as at 28 December 2013 were £637,000,000 (29 December 2012 £488,000,000). 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 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.

21. Pensions

The Company contributes to a money purchase pension scheme, the OSI Food Solutions UK Limited Group Personal Pension Plan. The charge for the period was £137,000 (2012: £132,000). At the period end, the amount of contributions prepaid or outstanding in accruals was £nil (2012: £nil).

22. 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.

23. Immediate and ultimate parent company and controlling party

The immediate parent undertaking of the Company is OSI Food Solutions UK 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 OSI Food Solutions UK Limited are consolidated is that of Gands (U K), the UK parent company and the largest group for which group financial statements are prepared is OSI Group LLC. Copies of Gands (U K)'s financial statements are publicly available from Companies House, Crown Way, Cardiff CF14 3UZ. The financial statements of OSI Group LLC are not publicly available.

24. Capital commitments

Capital commitments at the balance sheet date amounted to £182,000 (2012: £2,839,000).