

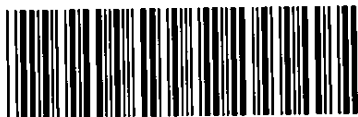
**NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

52 WEEKS ENDED 31 MARCH 2007

REGISTERED NO 1700147

THURSDAY



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COMPANIES HOUSE

**NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)**

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

D Frankish (Resigned 11 August 2006)
J Lill (Appointed 20 July 2006)
I Wightman (Appointed 11 August 2006, resigned 5 January 2007)
C Williams

SECRETARY

C Williams

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
1 City Square
Leeds
LS1 2AL

REGISTERED OFFICE

2180 Century Way
Thorpe Park
Leeds
LS 15 8ZB

NORTHERN FOODS LOGISTICS LIMITED (FORMERLY NFT DISTRIBUTION LIMITED)

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the 52 weeks ended 31 March 2007

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Northern Foods plc

The company's principal activity was the storage and distribution of chilled and ambient food products. On 31 July 2006, the group entered into a sale agreement to dispose of the trade and assets of the storage and distribution business. The disposal was completed on 11 August 2006, on which date control of the trade and assets passed on to the acquirer.

On 14 August 2006 the company changed its name from NFT Distribution Limited to Northern Foods Logistics Limited. The principal activity of the company is now the management of distribution for the group.

The result for the period, as disclosed in the company's profit & loss account on page 6, is considered to be satisfactory.

Exceptional items are the special pension contributions made during the year.

Principal risks and uncertainties

Prior to the disposal of the trade and assets of the company, the main customers were the UK's leading supermarkets, and the strength of these customers, combined with competitive pressure in the industry, represented risks which could have resulted in lost sales to key competitors. To mitigate these risks the company used its core skills in planning and customer management, and leveraged its position as the largest operator in the chilled primary distribution sector to provide an integrated transport solution that required the minimum of food miles, a government monitored KPI.

The company is financed by inter group loans from its parent company and therefore has no interest rate exposure.

Further risks, such as food safety and exposure to price and supply fluctuations for raw materials and services, are managed on a group wide basis and as such are discussed in the group's Annual report. See note 23 for details of how to obtain a copy of the group financial statements.

Environment

The Northern Foods plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damages that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual report which does not form part of this report.

Employees

Details of the number of employees and related costs can be found in note 7.

The company is committed to equality of opportunity amongst its employees. Recruitment, pay and conditions, training and career development policies are based solely on ability, without regard to gender, race, age, disablement, marital status or religion.

The company uses a variety of methods to enable all its employees to understand the performance of the group and of their own operating company. These include briefing groups, meetings with employee representatives and company newspapers. Employees are consulted on a wide range of issues affecting their current and future interests, and particularly on changes affecting their company.

Future Prospects

The directors do not anticipate that the company will trade externally in the foreseeable future but it will continue to provide management of distribution services for the group. In this context the directors have considered the future prospects of the company to be satisfactory.

NORTHERN FOODS LOGISTICS LIMITED (FORMERLY NFT DISTRIBUTION LIMITED)

RESULTS AND DIVIDENDS

The profit for the period attributable to shareholders amounts to £11,598,000 (2005/06 £2,610,000) and is dealt with as shown in the profit and loss account. No interim dividend was paid (2005/06 £nil). The directors do not recommend the payment of a final dividend (2005/06 £nil).

KEY PERFORMANCE INDICATORS

The group monitors all key performance indicators (KPIs) on a divisional basis. The KPIs used by the group include continuing turnover and operating margin (pre-exceptional items). These have been calculated for the company.

Turnover decreased by 62% to £42,269,000 (2005/06 £111,432,000) due to the disposal of the storage and distribution business on 11 August 2006.

Operating margin (pre-exceptional items for continuing and discontinued operations) decreased by 4.0% to (0.5)% (2005/06 3.5%) due to the change in the principal activity of the company.

The net asset position of the company has improved to £20,353,000 (2005/06 £8,755,000).

Further information on the group's KPIs are discussed in the group's Annual report which does not form part of this report.

DIRECTORS

The directors who served during the period ended 31 March 2007 and up to the date of signing the financial statements are those listed on page 1.

NORTHERN FOODS LOGISTICS LIMITED (FORMERLY NFT DISTRIBUTION LIMITED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. 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 accounting standards have been followed, and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

SUPPLIER PAYMENT POLICY

It is the company's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the company and its suppliers, providing that all trading terms and conditions have been met. Suppliers are paid on average within 42 days (2005/06: 39 days) of receipt of invoice.

AUDITORS


In the case of each of the persons who are directors of the company at the date when this report was approved,

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- Each of the directors 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 (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies' Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board



C Williams
Secretary

6 September 2007

NORTHERN FOODS LOGISTICS LIMITED (FORMERLY NFT DISTRIBUTION LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NFT DISTRIBUTION LIMITED

We have audited the financial statements of Northern Foods Logistics Limited for the 52 weeks ended 31 March 2007 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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).

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 or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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.

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 31 March 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.

Deloitte & Touche LLP

Deloitte & Touche LLP

*Chartered Accountants and Registered Auditors
Leeds*

6 September 2007

NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)

PROFIT AND LOSS ACCOUNT
for the 52 weeks ended 31 March 2007

	Notes	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Turnover	2				
Continuing		-	-	-	-
Discontinued		42,269	111,432	111,432	
			42,269		111,432
Distribution Costs					
- before exceptional items		(39,360)	(98,467)		
- exceptional items	5	(1,497)	-		
	4		(40,857)		(98,467)
Gross profit			1,412		12,965
Administrative expenses					
- before exceptional items		(3,140)	(9,024)		
- exceptional items	5	(115)	-		
	4		(3,255)		(9,024)
Operating (loss)/profit	3				
- before exceptional items		(231)	3,941		
- exceptional items	5	(1,612)	-		
Operating (loss)/profit			(1,843)		3,941
Operating (loss)/profit					
- Continuing		(2,804)	(548)		
- Discontinued		961	4,489		
Operating (loss)/profit			(1,843)		3,941
Profit on disposal of business	5	13,501			-
Other finance income	8	264			151
Interest payable and similar charges	9	(773)			(699)
Profit on ordinary activities before taxation			11,149		3,393
Taxation on profit on ordinary activities	10	449			(783)
Profit on ordinary activities after taxation	18	11,598			2,610
Retained profit for the financial period	18	11,598			2,610

There are no gains or losses in either period other than the profit for that period

NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)

BALANCE SHEET
as at 31 March 2007

	Notes	31 March 2007 £'000	1 April 2006 £'000
Fixed assets			
Intangible fixed assets	11	-	1,372
Tangible fixed assets	12	-	2,877
		-	4,249
Current assets			
Stocks	13	-	317
Debtors amounts falling due within one year	14	8,059	14,083
Debtors amounts falling due after more than one year	14	15,616	14,973
Cash at bank and in hand		-	3
		23,675	29,376
Creditors' amounts falling due within one year	15	(3,322)	(24,870)
Net current assets		20,353	4,506
Total assets less current liabilities		20,353	8,755
Net assets		20,353	8,755
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account	18	20,352	8,754
Equity shareholders' funds	19	20,353	8,755


J Lill
Director


C Williams
Director

6 September 2007

NORTHERN FOODS LOGISTICS LIMITED (FORMERLY NFT DISTRIBUTION LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 31 March 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards

A summary of the more important accounting policies, which have been consistently applied, is set out below

Cash flow statement

The company is exempt from the requirement of FRS 1 to present a cash flow statement since it is a wholly owned subsidiary undertaking of Northern Foods plc, in whose financial statements a cash flow statement is presented

Turnover

Sales of goods are recognised when goods are delivered and title has passed, and to the extent that sales are invoiced in advance of delivery, income is deferred

Goodwill

Goodwill, being the excess of the consideration over the fair value of the separable net tangible assets at the date of acquisition of newly acquired businesses, and in the absence of indications to the contrary, is amortised over its useful economic life of 20 years

Fixed assets

Fixed assets including investments are valued at cost, less any provision for impairment

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term

Depreciation of tangible fixed assets

Fixed assets are written off in equal annual instalments over their expected useful lives as follows

Plant and equipment	5-15 years
Motor vehicles	4-10 years

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes production overheads where appropriate

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

NORTHERN FOODS LOGISTICS LIMITED (FORMERLY NFT DISTRIBUTION LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 31 March 2007

1 ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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 a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that the underlying timing differences will reverse. The discount rates used reflect the post-tax yields to maturity that can be obtained on government bonds with similar maturity dates and currencies to those of the deferred tax liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Pensions

The company is unable to identify its share of the assets and liabilities of the Northern Foods Pension Scheme and Northern Foods Pension Builder, which are administered by the company's ultimate parent undertaking Northern Foods plc, on a consistent and reasonable basis. The schemes have therefore been accounted for by the company as defined contribution schemes, in accordance with FRS17 "Retirement Benefits". The amount charged to the profit and loss account in respect of ordinary pension costs and other post-retirement benefits is the contribution payable in the year. Further information can be found in the financial statements of Northern Foods plc and note 20.

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

**NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 March 2007

2. Turnover

Turnover consists of sales to third parties net of trade discounts and excluding VAT and sales related taxes. All turnover arises wholly within the UK.

3. OPERATING PROFIT is stated after charging

	2007	2006
	£'000	£'000
Depreciation of owned tangible fixed assets	277	899
Amortisation of goodwill	110	305
Operating lease rentals - plant and equipment	1,928	6,904
Operating lease rentals - land and buildings	1,280	3,442
Auditors' remuneration - audit services	6	25

4. ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2007	2006
	£'000	£'000
Distribution costs		
Continuing	2,464	-
Discontinued	38,393	98,467
	40,857	98,467
Gross (loss)/Profit		
Continuing	(2,464)	-
Discontinued	3,876	12,965
	1,412	12,965
Administrative Expenses		
Continuing	340	548
Discontinued	2,915	8,476
	3,255	9,024

5 EXCEPTIONAL ITEMS

Exceptional items are £1,612,000 (2005/06 £nil) of special pension contributions made during the period.

The profit on sale of business of £13,501,000 relates to a profit on the disposal of the trade and assets of the company to the acquirer. The gross proceeds attributable to the sale were £17,147,000 being cash of £10,447,000 and deferred consideration of £6,700,000.

The current year tax effect of the exceptional items is a corporation tax credit of £198,000 (2005/06 £nil) and a deferred tax charge of £133,000 (2005/06 £nil).

**NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 March 2007

6 EMOLUMENTS OF THE DIRECTORS

	2007	2006
	£'000	£'000
Emoluments	41	142

All the directors are eligible for, and are members of the Northern Foods Pension Scheme

J Lill, I Wightman and C Williams were directors during the period and are remunerated by other group companies. The directors received combined emoluments of £405,000 (2005/06 £373,000) from other group companies during the period. It is not practicable to ascertain what proportion of these emoluments relates to the company. In addition, the directors are accruing benefits under the Northern Foods Pension Scheme, which is a defined benefit scheme, in respect of their services to group companies.

7. STAFF COSTS

	2007	2006
	£'000	£'000
Wages and salaries	19,681	36,624
Social security costs	1,442	3,400
Other pension costs	2,271	1,735
	23,394	41,759

Other pension costs include special pension contributions of £1,612,000 (2005/06 £nil) which have been included in exceptional items.

The monthly average number of employees during the period was as follows

	2007	2006
	No	No
Distribution	523	1,424
Administration	40	106
	563	1,530

8 OTHER FINANCE INCOME

	2007	2006
	£'000	£'000
External interest receivable	264	-
Group interest receivable	-	151
	264	151

9 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£'000	£'000
Group finance charge payable	773	695
External interest payable	-	4
	773	699

NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 March 2007

10. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	£'000	£'000
Corporation tax at 30%	(1,092)	1,017
Adjustment to prior periods corporation tax	412	-
Total corporation tax	(680)	1,017
Deferred taxation	287	(234)
Adjustment to prior periods deferred tax	(56)	-
Total deferred taxation	231	(234)
Taxation (credit)/charge for the period	(449)	783

Deferred taxation relates to origination and reversal of timing differences

The corporation tax credit is higher than (2005/06 charge is the same as) the standard UK corporation tax rate of 30%. The differences are explained below

	2007	2006
	£'000	£'000
Profit on ordinary activities before taxation	11,149	3,393
Taxation on profit on ordinary activities at the standard UK Corporation tax rate of 30%	3,345	1,018
Factors affecting the charge		
Expenses not deductible for tax purposes	-	8
Net exceptional income not chargeable	(4,270)	-
Capital allowances in excess of depreciation	(200)	(101)
Goodwill not deductible for tax purposes	33	92
Adjustment to prior periods	412	-
Corporation tax (credit)/charge for the period	(680)	1,017

11 INTANGIBLE FIXED ASSETS

	<i>Goodwill</i>
	<i>£'000</i>
Cost	
At start of period	6,102
Exceptional disposals	(6,102)
At end of period	-
Amortisation	
At start of period	4,730
Charge for the period	110
Exceptional disposals	(4,840)
At end of period	-
Net book amount	
At end of period	-
At start of period	1,372

Exceptional disposals relate to the disposal of the trade and assets of the company

**NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 March 2007

12 TANGIBLE FIXED ASSETS

	<i>Plant, equipment & vehicles £'000</i>
Cost	
At start of period	12,933
Exceptional disposals	(12,933)
At end of period	-
Depreciation	
At start of period	10,056
Charge for period	277
Exceptional Disposals	(10,333)
At end of period	-
Net book amount	
At end of period	-
At start of period	2,877

Exceptional disposals relate to the disposal of the trade and assets of the company

13 STOCKS

	2007 £'000	2006 £'000
Raw materials and consumables	-	317

14. DEBTORS

	2007 £'000	2006 £'000
Amounts falling due within one year:		
Trade debtors	-	12,030
Corporation tax recoverable	1,036	-
Amounts due from group undertakings	-	921
Deferred consideration	6,700	-
Other debtors	57	63
Prepayments and accrued income	266	838
Deferred tax asset (see note 16)	-	231
	8,059	14,083
Amounts falling due after more than one year		
Amounts due from group undertakings	15,616	14,973

The deferred consideration relates to the disposal of the trade and assets of the company during the period. Interest is accruing at a variable rate. The loan note is repayable in full by the purchaser on or before 11 August 2007. Further information about the disposal is given in note 5.

NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 March 2007

15. CREDITORS

	2007	2006
	£'000	£'000
Amounts falling due within one year:		
Trade creditors	-	7,705
Amounts due to group undertakings	3,060	5,123
Corporation tax	-	1,016
Other taxation and social security	-	1,017
Other creditors	262	458
Accruals and deferred income	-	9,551
	3,322	24,870

16 DEFERRED TAXATION

		£'000
Asset at start of period		231
Charged to profit and loss account		(231)
Asset at end of period		-
Deferred tax is analysed as follows		
	2007	2006
	£'000	£'000
Accelerated capital allowances	-	276
Discount	-	(45)
Deferred tax asset	-	231

17 CALLED UP SHARE CAPITAL

	2007	2006
	£'000	£'000
Authorised, allotted and fully paid		
1,000 ordinary shares of £1 each	1	1

18. PROFIT AND LOSS ACCOUNT

	£'000
At start of period	8,754
Retained profit for the period	11,598
At end of period	20,352

**NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 31 March 2007

19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007	2006
	£'000	£'000
Profit attributable to equity shareholders	11,598	2,610
Movement in equity shareholders funds	11,598	2,610
Opening equity shareholders' funds	8,755	6,145
Closing equity shareholders' funds	20,353	8,755

20. PENSIONS

The company participates in the Northern Foods Pension Scheme ("the Scheme"), which is a defined benefit scheme providing members with benefits based on pay and service. The assets of the Scheme are held in Trustee administered funds separate from the finances of the company and group.

In March 2005 the company announced the closure of the Northern Foods Pension Scheme and removed all remaining company funded early retirement provisions. The Northern Foods Pension Builder ("Pension Builder") was introduced for new employees, and is a defined benefit scheme based on a career average principle. The Scheme and Pension Builder are both funded schemes.

FRS 17

The company is unable to identify its share of the underlying assets and liabilities of the schemes and accordingly, as permitted by FRS 17 "Retirement benefits", has accounted for them as if they were defined contribution schemes. Contributions to the Scheme and Pension Builder for the period were £2,271,000 (2005/06 £1,735,000) including special pension contributions of £1,612,000 (2005/06 £nil).

It has been agreed that an employer contribution of 9.9% of pensionable pay will apply in future years.

The actuarial valuation of the Scheme and Pension Builder was carried out at the period end for purpose of the financial statements by an independent, qualified actuary, PricewaterhouseCoopers LLP, using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

For the purposes of determining the Schemes' liabilities under FRS 17 the most significant assumptions adopted were as follows:

	2007	2006	2005
	%	%	%
Rate of increase in salaries	4.0	3.7	3.7
Rate of increase to pensions in payment	2.9	2.7	2.6
Rate of increase to deferred pensions	3.0	3.0	3.0
Discount rate	5.3	4.9	5.4
Inflation assumption	3.0	2.8	2.7

NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
52 weeks ended 31 March 2007

20. PENSIONS (continued)

The fair value of the assets in the Scheme and Pension Builder, the present value of the liabilities and the expected rate of return as at the periods ended 2007, 2006 and 2005 were as follows

	2007 Long term expected rate of return %	2007 £m	2006 Long term expected rate of return %	2006 £m	2005 Long term expected rate of return %	2005 £m
Equities	8.05	576.6	7.9	553.3	8.3	423.7
Bonds	5.3	185.4	4.8	164.3	5.0	128.7
Other	5.3	28.2	4.5	0.6	4.0	5.2
Total fair value of assets		790.2		718.2		557.6
Present value of scheme liabilities		(789.9)		(799.6)		(718.0)
Surplus/(deficit) in scheme		0.3		(81.4)		(160.4)
Related deferred tax (liability)/asset		(0.1)		24.5		48.1
Net pension surplus/(deficit)		0.2		(56.9)		(112.3)

The mortality assumptions used are based on mortality experience of the Scheme and Pension Builder and anticipated mortality experience. The life expectancy in years for a member aged 65 are as follows

		Valuation date	
		2007 Years	2006 Years
Current pensioner	- male	17.7	16.6
	- female	19.8	18.7
Future pensioner	- male	18.4	17.5
	- female	20.5	19.7

Further information can be found in the Annual report of Northern Foods plc

21. FINANCIAL COMMITMENTS

The annual commitment under non-cancellable operating leases was as follows

	2007		2006	
	Land and Buildings £'000	Plant and machinery £'000	Land and Buildings £'000	Plant and machinery £'000
Leases expiring				
Within one year	-	-	204	526
Within two to five years	-	-	215	2,105
Over five years	-	-	235	133
	-	-	654	2,764

**NORTHERN FOODS LOGISTICS LIMITED
(FORMERLY NFT DISTRIBUTION LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 31 March 2007

22. CONTINGENT LIABILITIES

The company, together with Northern Foods plc and certain fellow subsidiary undertakings, has entered into a guarantee with HSBC Bank Plc in respect of the net overdrafts due by the other group companies which are parties to the guarantee. At 31 March 2007 the company's contingent liability under the guarantee amounted to £nil (2005/06 £nil)

23. ULTIMATE PARENT UNDERTAKING

The parent company of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Northern Foods plc, a company registered in England and Wales. Northern Foods plc is also the company's ultimate parent undertaking. Copies of Northern Foods plc's Annual report can be obtained from 2180 Century Way, Thorpe Park, Leeds, LS15 8ZB or from the company's website at www.northernfoods.com

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Northern Foods plc group