H. J. Heinz Frozen & Chilled Foods Limited

Annual report and financial statements for the 35-week period ended 29 December 2013

H. J. Heinz Frozen & Chilled Foods Limited

Contents

H. J. Heinz Frozen & Chilled Foods Limited

General company information

Immediate parent company

H. J. Heinz Manufacturing UK Limited
South Building
Hayes Park
Hayes
Middlesex
UB4 8AL

Ultimate parent company

H. J. Heinz Holding Corporation
PO Box 57
Pittsburgh
Pennsylvania 15230-0057
United States of America.

Company secretary and registered office

Nargis Hassani
South Building
Hayes Park
Hayes
Middlesex
UB4 8AL

Registered Number 2207650

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

H. J. Heinz Frozen & Chilled Foods Limited

Registered number 2207650

STRATEGIC REPORT for the 35-week period ended 29 December 2013

The Directors present their strategic report on the company for the 35-week period ended 29 December 2013. The report has been prepared for a short period of 35 weeks. The prior year report and financial statements were prepared for the 52-week period ended 28 April 2013.

Business review

The company made a loss for the 35-week period ended 29 December 2013 of £3.7m (52 weeks to 28 April 2013: profit £12.3m) which was transferred to reserves. Net assets as at 29 December 2013 amounted to £1.6m (28 April 2013: net assets £10m).

On 29 April 2013, as part of the Heinz UK group restructuring, the company's selling activities and relevant assets and liabilities were transferred to H. J. Heinz Foods UK Limited. As part of the same restructuring the company transferred 2000 defined benefit pension plan to H.J. Heinz Manufacturing UK Limited on 29 April 2013.

Key performance indicators

	35-week to 29 December 2013	52-week to 28 April 2013	**Definition, method of calculation and analysis**
Movement in sales (%)	**(63.1)**%	4.8%	These figures represent the period on period sales (decrease)/increase as a percentage. Movement on sales reflects the new structure of the business in which all sales are made to a supply chain entity which then sells these products to H.J. Heinz Foods UK Limited. This entity then sells the products to the final customers. Sales development was in line with the directors' expectation.
Gross (Loss)/Margin (%)	**(13.9)%**	**28.0%**	Gross (loss)/margin is the ratio of gross (loss)/profit to turnover expressed as a percentage. The loss to December 2013 reflects the change in the business model and also an unfavourable development of costs of some of the key ingredients.

The principal risk and uncertainties of the company relates to the management of manufacturing costs which include the costs of potatoes. Directors managed this risk and uncertainties through regular review of the performance of the business and through continuous communication with the key suppliers.

On behalf of the Board

Matthew Brown

M. Brown
Director

Date: 31/7/14

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the 35 week period ended 29 December 2013. The report and the financial statements have been prepared for a short period of 35 weeks. The prior year financial statements were prepared for the 52 week period ended 28 April 2013.

Principal activities

The Company's principal activity is the manufacturing of processed food products.

Future Developments

No significant changes to the company's activities are expected.

Dividends

No dividends were paid in the period. The Directors do not recommend the payment of a dividend (52 weeks to 28 April 2013: Nil).

Financial risk management

The company's operations expose it to a variety of financial risks including liquidity risk and cash flow interest rate risk. The company has in place risk management processes that seek to limit the adverse effects on its financial performance by monitoring levels of debt, liquidity and exchange rate risk and the related financial costs.

The H. J. Heinz Group has a centralised Group Treasury department that manages the principal risks on a group basis rather than on a statutory entity basis.

Funding for the company is through inter-company arrangements.

Liquidity risk

The company maintains a debt profile including where appropriate short term debt finance designed to ensure the company has sufficient funds for its operation.

Cash flow interest rate risk

The company has interest bearing liabilities which are managed by the centralised treasury department on a group basis rather than on a statutory entity basis.

Directors

The members of the board of directors during the period and up to the date of signing the financial statements were as follows:

P. Jones (appointed 22 August 2013)
M. Hill (resigned 22 August 2013)
M. Brown (appointed 22 August 2013)
J. Campbell (resigned 22 August 2013)
C. Page
N. Perry (resigned 16 July 2012)
D. Woodward (resigned 30 April 2012)

Directors' Indemnity

The directors have the benefit of a third party indemnity provision as defined by Section 234 of the Companies Act 2006. This provision was in force throughout the current financial period and is currently in force. Directors' and officers' liability insurance in respect of the company and its directors have been maintained throughout the financial period.

Directors' report (continued)

Going concern

The directors are of the opinion that the company remains a going concern due to the financial support from H. J. Heinz Manufacturing UK Limited.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Post balance sheet events

There are no significant post balance sheet events.

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.

Disclosure of information to auditors

Each of the persons 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 audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information 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 section 418 of the Companies Act 2006.

On behalf of the Board

Matthew Brown

M. Brown
Director 31/7/14

Date:

Independent auditors' report to the members of H.J. Heinz Frozen & Chilled Foods 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 29 December 2013 and of its loss 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 H.J. Heinz Frozen & Chilled Foods Limited, comprise:

- the Balance sheet as at 29 December 2013;
- Profit and loss account and the Statement of total recognised gains and losses for the period ended 29 December 2013; 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.

Independent auditors' report to the members of H.J. Heinz Frozen & Chilled Foods Limited (continued)

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.

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.

Charles van den Arend (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

Date: 31 July 2014

H. J. Heinz Frozen & Chilled Foods Limited

Profit and loss account
For 35-week period ended 29 December 2013

	Note	35-week to 29 December 2013 £m	52-week to 28 April 2013 £m
Turnover	2a	**27.4**	74.3
Cost of sales		**(31.2)**	(53.5)
Gross (loss)/profit		**(3.8)**	20.8
Distribution costs		-	(6.5)
Administrative expenses		**(1.4)**	(2.9)
Operating (loss)/profit		**(5.2)**	11.4
Net interest payable and similar charges	3	**(0.4)**	(0.3)
Other finance income		-	5.1
(Loss)/profit on ordinary activities before taxation		**(5.6)**	16.2
Tax on (loss)/profit on ordinary activities	5	**1.9**	(3.9)
(Loss)/profit for the financial period	14	**(3.7)**	12.3

All results derive from continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the (loss)/profit for the financial period stated above and their historical cost equivalents.

Statement of total recognised gains and losses for the 35-week period ended 29 December 2013

	35-week to 29 December 2013 £m	52-week to 28 April 2013 £m
(Loss)/profit for the financial year	**(3.7)**	12.3
Actuarial gain/(loss) on pension scheme (note 17)	-	(5.9)
Loss due to asset ceiling on pension scheme (note 17)	-	(0.6)
Movement on current tax relating to pension schemes	-	1.7
Movement on deferred tax relating to pension schemes (note 11)	-	(0.3)
Total recognised gains and losses relating to the financial period	**(3.7)**	7.2

Balance sheet as at 29 December 2013

	Note	As at 29 December 2013 £m	As at 28 April 2013 £m
Fixed assets			
Intangible assets	7	-	1.6
Tangible assets	8	21.5	22.5
		21.5	24.1
Current assets			
Stocks	6	1.8	0.4
Debtors	9	36.9	21.3
Cash at bank and in hand		1.2	3.0
		39.9	24.7
Creditors: amounts falling due within one year	10	(58.9)	(41.9)
Net current liabilities		(19.0)	(17.2)
Total assets less current liabilities		2.5	6.9
Provisions for liabilities	11	(0.9)	(1.0)
Net assets excluding pension surplus		1.6	5.9
Pension surplus	17	-	4.1
Net assets including pension surplus		1.6	10.0
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	1.6	10.0
Total shareholders' (funds)/deficit	14	1.6	10.0

The financial statements on pages 8 to 24 were approved by the Board of directors on and signed on its behalf by:

Matthew Brown

M. Brown
Director

Date: 31/7/14

Notes to the financial statements for the 35-week period ended 29 December 2013

1. Statement of accounting policies

a) These financial statements have been prepared on the going concern basis, based on financial support from H. J. Heinz Manufacturing UK Limited, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

b) As the company is a wholly owned subsidiary of Hawk Acquisition Intermediate Corporation II, a company incorporated in the United States of America, which produces consolidated financial statements which are publicly available, it is exempt under the terms of FRS 1 (revised 1996) 'cash flow statements' from preparing a cash flow statement. The Company is also exempt under FRS 8 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the Hawk Acquisition Intermediate Corporation II group.

c) Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for the costs of realisation. Cost in the case of raw materials and goods for resale is determined on a first-in, first-out basis. Cost, in the case of products manufactured by the Company, comprises direct material and labour cost together with appropriate factory overheads. Provisions are made to cover obsolete, slow moving and defective stocks.

d) Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Expenditures for new facilities and improvements that substantially extend the capacity or useful life of an asset are capitalized and held as construction in progress with depreciation only being calculated when the asset is brought into use and held as either land and buildings, equipment and automotive. Depreciation is calculated so as to write off the cost of tangible assets on a straight-line basis over the expected useful economic lives less residual value of the assets concerned. When there is evidence that the net book value may exceed the value in use an evaluation is carried out to determine any excess. Any excess identified by the evaluation is then written off through the profit and loss as depreciation. The principal lives of assets used for calculating the straight-line depreciation are as follows -

		Years
Land and buildings	Freehold land	Not depreciated
	Industrial buildings	40-75
Equipment and automotive	Furniture and fittings	10
	Motor vehicles	5
	Plant and machinery	5-30
Assets under construction		Not depreciated

e) Turnover consists of sales to the Heinz European Supply Chain and excludes value added tax. Turnover is recognised when persuasive evidence of an arrangement exists, delivery of goods to customer has occurred, the selling price to the buyer is determinable and payment is reasonably assured.

f) Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are converted to sterling at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account in the period in which they arise.

g) Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

h) Expenditure on research and development is written off to the profit and loss account as incurred

1. Statement of accounting policies (continued)

i) 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.

j) The company operates both a defined contribution and a defined benefits pension scheme.

The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 19 represents contributions payable by the company to the fund.

The company accounts for defined benefit pension schemes in accordance with FRS 17 "Retirement benefits". The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately the costs are recognised over the period the vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance cost or interest income. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Where defined benefit schemes are funded, the assets of the scheme are held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated on the balance sheet date. The resulting defined benefit asset or liability, net of the related deferred taxation, is presented separately on the face of the balance sheet. The value of any pension asset arising through the pension fund being in surplus is restricted in accordance with FRS17 where the maximum value of the asset is recognised as the present value of the reduction in future contributions. The resulting reduction between the pension asset and that which can be recognised in the balance sheet is shown in the statement of total recognised gains and losses

The transfer of the pension surplus to another Heinz company is accounted for as a distribution with no impact on the Profit and Loss account.

Notes to the financial statements for the 35-week period ended 29 December 2013 (continued)

2. Details to the profit and loss account

a) Turnover

The company's activities consist solely of the manufacture and sale of frozen and chilled food products.

Analysis of turnover by geographical destination:

	35-week to 29 December 2013 £m	52-week to 28 April 2013 £m
United Kingdom	-	74.3
Europe	27.4	-
	27.4	74.3

b) (Loss)/profit on ordinary activities before taxation

This is stated after charging/(crediting):

	35-week to 29 December 2013 £m	52-week to 28 April 2013 £m
Depreciation of tangible fixed assets	1.9	2.5
Goodwill amortisation	-	0.2
Research and development costs	-	0.4
Operating lease charges - plant and machinery	-	0.1
Auditors' remuneration; audit fees	0.1	0.1

3. Net interest payable and similar charges

	35-week to 29 December 2013 £m	52-week to 28 April 2013 £m
Interest payable and similar charges		
Interest payable to group undertakings	0.4	0.3
	0.4	0.3
Net interest payable	(0.4)	(0.3)

4. Directors' and employees' emoluments

The monthly average number of employees during the year, analysed between appropriate classes is shown below:	**As at 29 December 2013**	As at 28 April 2013
Manufacturing operations	**188**	212
Sales, research and development, distribution and administration	**7**	8
	195	220

Staff costs - all employees including directors:	**35-week to 29 December 2013 £m**	52-week to 28 April 2013 £m
Wages and salaries	**4.4**	7.3
Social security costs	**0.3**	0.6
Other pension costs (note 19)	**0.1**	0.8
	4.8	8.7

Directors

The emoluments of the directors in the 35 week period to December 2013 were paid by H. J. Heinz Foods UK Limited and by H. J. Heinz Manufacturing UK Limited for the 52 week period to April 2013. They have made no recharge to the company. Accordingly, the above details include no emoluments in respect of these directors.

5. Tax on profit on ordinary activities

(a) Analysis of credit in the financial period

	35-week to 29 December 2013 £m	52-week to 28 April 2013 £m
Current tax		
UK corporation tax	(1.2)	3.8
Total current tax (credit) (note 5b)	(1.2)	3.8
Deferred tax		
Origination and reversal of timing differences	(0.7)	0.1
Total deferred tax (credit) (note 11)	(0.7)	0.1
Tax (credit) on profit on ordinary activities	(1.9)	3.9

(b) Factors affecting the tax charge for the year

The tax assessed for the period is higher (April 2013: lower) than the standard rate of corporation tax in the UK of 23.0% (April 2013: 23.9%). The tax differences are explained below:

	35-week to 29 December 2013 £m	52-week to 28 April 2013 £m
Profit on ordinary activities before taxation	(5.6)	16.2
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.0% (April 2013: 23.9%)	(1.3)	3.9
Effects of:		
Expenses not deductible for tax purposes	-	0.1
Accelerated capital allowances	-	(0.2)
Adjustments in respect of prior periods	0.1	-
Total current tax (credit)	(1.2)	3.8

(c) Factors affecting future tax charges

The Finance Act 2013, enacted during the period, included legislation to reduce the main rate of corporation tax from 23.0% to 21.0% from 1 April 2014 and a further reduction to 20.0% from 1 April 2015.

Notes to the financial statements for the 35-week period ended 29 December 2013 (continued)

6. Stocks

	As at 29 December 2013 £m	As at 28 April 2013 £m
Raw materials and consumables	**1.6**	0.3
Work in progress	**0.2**	0.1
	1.8	0.4

7. Intangible fixed assets

	Goodwill £m
Cost	
At 29 April 2013	**4.1**
Transferred to H.J. Heinz Foods UK Limited	**(4.1)**
At 29 December 2013	**-**
Accumulated amortisation	
At 29 April 2013	2.5
Transferred to H.J. Heinz Foods UK Limited	(2.5)
At 29 December 2013	**-**
Net book value	
At 29 December 2013	**-**
At 29 April 2013	1.6

Notes to the financial statements for the 35-week period ended 29 December 2013 (continued)

8. Tangible fixed assets

	Land and buildings £m	Equipment and automotive £m	Assets under construction £m	Total £m
Cost				
At 29 April 2013	6.5	35.6	0.5	42.6
Additions	-	-	0.9	0.9
Disposals	-	-	-	-
Transfers from assets under construction	0.2	0.5	(0.7)	-
At 29 December 2013	6.7	36.1	0.7	43.5
Accumulated depreciation				
At 29 April 2013	1.2	18.9	-	20.1
Charge for financial period	0.2	1.7	-	1.9
At 29 December 2013	1.4	20.6	-	22.0
Net book value				
At 29 December 2013	**5.3**	**15.5**	**0.7**	**21.5**
At 28 April 2013	5.2	16.7	0.5	22.5

The carrying value of undepreciated freehold land at 29 December 2013 was £0.6m (28 April 2013: £0.6m).

9. Debtors

	As at 29 December 2013 £m	As at 28 April 2013 £m
Trade debtors	-	8.5
Amounts owed by group undertakings	**35.4**	10.3
Value added tax	**0.2**	0.5
Prepayments and accrued income	**1.3**	2.0
	36.9	21.3

An amount of £35.4m (As at 28 April 2013: £10.3m) included in amounts owed by group undertakings relates to intercompany balances which are unsecured, interest free and payable on demand.

10. Creditors: amounts falling due within one year

	As at 29 December 2013 £m	As at 28 April 2013 £m
Trade creditors	6.7	6.5
Amounts owed to group undertakings	51.3	27.0
Corporation tax liability	0.7	3.5
Accruals	0.2	4.9
	58.9	41.9

Amounts owed to group undertakings was £43.4m (as at 28 April 2013: £23.4m) of unsecured short term loans charged at a market rate of interest (Official Cash Rate as per the Bank of England plus 1%). The balance of £7.9m (As at 28 April 2013: £3.6m) relates to intercompany creditors which are unsecured, interest free and payable on demand.

11. Deferred taxation

	As at 29 December 2013 £m	As at 28 April 2013 £m
Opening balance - deferred tax liability/(asset) excluding pension	1.0	0.9
Debit to profit and loss account excluding pension	(0.1)	0.1
Closing balance - deferred tax liability excluding pension	0.9	1.0

	As at 29 December 2013 £m	As at 28 April 2013 £m
Opening balance - deferred tax liabity/(asset) including pension	1.6	1.2
Credit to profit and loss account including pension	(0.1)	0.1
Transfer of pension to H J Heinz Manufacturing UK Limited (credit to the Profit and loss account)	(0.6)	-
Deferred tax charge in statement of total recognised gains and losses	-	0.3
Closing balance - deferred tax liability including pension	0.9	1.6

	Amount provided	
	As at 29 December 2013 £m	As at 28 April 2013 £m
Accelerated capital allowances	0.9	0.8
Deferred tax liability excluding pension	0.9	0.8
Deferred tax netted off the pension surplus	-	0.4
Total deferred tax liability including pension	0.9	1.2

12. Called up share capital

	Authorised		Allotted and fully paid	
	As at 29 December 2013 £	As at 28 April 2013 £	As at 29 December 2013 £	As at 28 April 2013 £
Ordinary shares of £1 each	40,000	40,000	28,323	28,323

Notes to the financial statements for the 35-week period ended 29 December 2013 (continued)

13. Profit & Loss Account

	£m
Balance as at 29 April 2013	**10.0**
Loss for the financial year	**(3.7)**
Transfer of pensions to H.J. Heinz Manufacturing UK Limited	**(4.7)**
Balance as at 29 December 2013	**1.6**

14. Reconciliation of movement in shareholders' funds/(deficit)

	As at 29 December 2013 £m	As at 28 April 2013 £m
(Loss)/profit for the financial year	**(3.7)**	12.3
Transfer of Pensions to H J Heinz Manufacturing UK Limited	**(4.7)**	-
Actuarial gain on pension scheme (note 17)	-	(5.9)
Loss due to asset ceiling on pension scheme (note 17)	-	(0.6)
Movement on current tax relating to pension schemes	-	1.7
Movement on deferred tax relating to pension schemes	-	(0.3)
Net reduction/addition to shareholders' funds	**(8.4)**	7.2
Opening shareholders' funds	**10.0**	2.8
Closing shareholders' funds	**1.6**	10.0

15. Operating lease commitments

The company had annual commitments under non-cancellable operating leases as set out below:

	Plant and machnery	
	As at 29 December 2013 £m	As at 28 April 2013 £m
Leases expiring within:		
Two to five years	**0.2**	-
Over five years	**0.5**	0.6
	0.7	0.6

16. Guarantees

The Company is part of a composite guarantee structure with other group companies to manage the cash pool with HSBC in the name of H. J. Heinz Manufacturing UK Limited. Under the guarantee each Heinz company guarantees the other's obligation with HSBC. The other companies included in this cash pool are H. J. Heinz Frozen and Chilled Foods Limited, H. J. Heinz Manufacturing Ireland Limited, HP Foods Limited and Heinz Single Service Limited. The total value of the cash pool stands at £7.7 million (As at 28 April 2013: £32.2m).

The company acts as one of a number of guarantors with respect to H. J. Heinz 2000 Pension Trust Limited as a trustee of the Heinz 2000 Pension plan, H. J. Heinz Trust Limited as a trustee of the Heinz Management Pension Plan and H.J. Heinz Pension Trust limited as a trustee of the Heinz 1975 Pension Plan. The following entities are all guarantors: Fall Ridge Partners LLP, H.J. Heinz Company Limited, HP Foods Limited, H.J. Heinz Foods UK Limited, H.J. Heinz Frozen & Chilled Foods Limited, Heinz Single Service Limited, H.J. Heinz Manufacturing UK Limited and of Highview Atlantic Finance Company Limited.

The guarantees were issued to the trustees of the respective pension plans and cover all present and future obligations and liabilities of each of the above companies (up to and including any debt payable under Section 75(2) of the Pensions Act 1995).

Notes to the financial statements for the 35-week period ended 29 December 2013 (continued)

17. Pension obligations

The Company operated a wholly funded defined benefit scheme. The plan was administered by an independent company and their assets were held under trust separately from those of the Company. The scheme provided retirement benefits on the basis of members' final salary. The most recent triennial actuarial valuation of Heinz 2000 Pension Scheme was on 31 December 2012. All pensions were transferred to HJ Heinz Manufacturing UK Limited on 29 April 2013 and accounted for as distribution.

The major assumptions used by the actuary were:

	December 2013 %	April 2013 %
Rates of increase in salaries	-	3.90
Rate of increase in pensions in payment pre-April 1997 to April 2005	-	2.95
Rate of increase in pensions in payment post- April 2005	-	2.10
Discount rate for scheme liabilities	-	4.30
Rate of inflation	-	3.20

The mortality assumptions used were as follows:

	December 2013 Years	April 2013 Years
Longevity at age 65 for current pensioners		
-Men	-	21.6
-Women	-	23.7
Longevity at age 65 for future pensioners		
-Men	-	22.6
-Women	-	24.9

The amounts recognised in the balance sheet are as follows:

	December 2013 £m	April 2013 £m	April 2012 £m	April 2011 £m	April 2010 £m
Fair value of scheme assets	-	139.7	117.4	118.2	112.1
Present value of funded obligations	-	(101.3)	(79.9)	(76.1)	(83.1)
Surplus in the scheme	-	38.4	37.5	42.1	29.0
Unrecoverable surplus	-	(33.8)	(33.0)	(36.9)	(24.3)
Deferred tax liability	-	(1.0)	(1.0)	(1.3)	(1.3)
Related deferred tax asset	-	0.4	0.7	1.5	2.3
Net pension assets	-	4.0	4.2	5.4	5.7

The related deferred tax asset of Nil (April 2013: £0.6m) relates to contributions for which tax relief has not yet been received.

17. Pension obligations (continued)

Reconciliation of fair value of scheme assets are as follows:

	December 2013 £m	April 2013 £m
Opening fair value of scheme assets	**139.7**	117.4
Transferred to H. J. Heinz Manufacturing UK Limited	**(139.7)**	-
Expected return on scheme assets	-	9.2
Actuarial gain/ (loss) on scheme assets	-	14.4
Contributions by the employer	-	2.7
Net benefits paid out	-	(4.1)
Closing fair value of scheme assets	-	139.7

The company refers to a building block approach in determining the long-term rate of return on scheme assets.
Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return used for each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the asset allocation for the scheme at 29 December 2013.

Underlying split of assets:

	December 2013 £m	April 2013 £m
Equities	-	91.8
Bonds	-	47.2
Other	-	0.3
Closing fair value of Scheme assets	-	139.3

The long-term expected return on assets has been set equal to the average real historic returns on asset classes of 7.9% at 28 April 2013 (2012: 7.9%).

Actual return on scheme assets:

	December 2013 £m	April 2013 £m
Expected return on scheme assets	-	9.2
Actuarial gain/ (loss) on scheme assets	-	14.4
	-	23.6

17. Pension obligations (continued)

Reconciliation of present value of scheme liabilities are as follows:

	December 2013 £m	April 2013 £m
Opening defined benefit obligation	**101.3**	79.9
Transferred to H. J. Heinz Manufacturing UK Limited	**(101.3)**	-
Current service cost	-	0.7
Interest cost	-	4.2
Actuarial loss on scheme liabilities	-	20.5
Net benefits paid out	-	(4.0)
Closing defined benefit obligation	-	101.3

Analysis of the amount charged to operating profit are as follows:

	December 2013 £m	April 2013 £m
Current service cost	-	0.7
Total amount charged/(credited) to operating profit	-	0.7

Analysis of the amount credited to other finance income are as follows:

	December 2013 £m	April 2013 £m
Interest cost	-	4.2
Expected return on scheme assets	-	(9.2)
Total amount credited to other finance income	-	(5.0)

The total amount of pension costs credited to profit and loss account for the period is Nil (April 2013: £(4.2)m).

Analysis of the amount recognised in statement of total recognised gains and losses:

	December 2013 £m	April 2013 £m
Actual return less expected return on pension scheme assets (loss)/gain	-	-
Experience (losses)/gains arising on the scheme liabilities	-	(6.2)
Changes in assumptions underlying the present value of the scheme liabilities	-	(14.1)
Loss due to asset ceiling	-	(0.6)
Total loss in statement of total recognised gains and losses	-	(20.9)

17. Pension obligations (continued)

The cumulative amount of actuarial gains and losses, before taking account of the related deferred tax movement, which have been recognised in the statement of total recognised gains and losses for the period/year amounted to Nil (April 2013: £2.4m loss).

History of experience gains and losses

	December 2013	April 2013	April 2012	April 2011	April 2010
Difference between the expected and actual return on scheme assets:					
Amount (£m) - (decrease)/increase	-	-	(6.9)	2.7	20.5
Percentage of scheme assets	-	0.0%	(5.9%)	2.3%	18.3%
Experience (losses)/gains on scheme liabilities					
Amount (£m) - increase/(decrease)	-	(6.2)	7.0	1.1	4.7
Percentage of the present value of the scheme liabilities	-	(6.1%)	8.8%	1.5%	5.7%
Total amount recognised in statement of total recognised gains and losses					
Amount (£m) - (decrease)/increase	-	(20.9)	(5.3)	-	(16.5)
Percentage of the present value of the scheme liabilities	-	(20.6%)	(6.6%)	-	(19.9%)

The company does not expect to contribute to the defined benefit scheme in the future. The Company also operates a defined contribution scheme. The pension cost in respect of the defined contribution scheme are the contributions payable during the period/year. The contributions paid during the period amounted to £66,925 (April 2013: £106,052).

18. Immediate and ultimate parent undertaking and related parties

The immediate parent undertaking of H. J. Heinz Frozen & Chilled Foods Limited is H. J. Heinz Manufacturing UK Limited, a company registered in England and Wales.

H. J. Heinz Holding Corporation, incorporated in the United States of America is the company's ultimate parent undertaking and controlling party.

The smallest group in which the results of the company are consolidated is that of H.J. Heinz Company. The largest group in which the results of the company are consolidated is that of Hawk Acquisition Intermediate Corporation II. Copies of these consolidated financial statements can be obtained from 1 PPG Place, Suite 3100, Pittsburgh, Pennsylvania 15222, U.S.A.