

Company Registration No. 2729890

Laurens Patisseries Limited

Report and Financial Statements

29 December 2007

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Laurens Patisseries Limited

Report and financial statements 2007

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Laurens Patisseries Limited

Report and financial statements 2007

Officers and professional advisers

Directors

J Punnett
A Gudmundsson
H Arnadottir
R Howes

Secretary

J Punnett

Registered Office

5th Floor
3 Sheldon Square
Paddington Central
London
W2 6HY

Bankers

NatWest Plc
1 Market Place
Newark
NG24 1DY

Auditors

Deloitte & Touche LLP
Chartered Accountants
Birmingham UK

Laurens Patisseries Limited

Directors' report

The directors present their financial statements for the 52 week period ended 29 December 2007. Comparatives are for the 45 weeks ended 30 December 2006.

Enhanced business review and principal activities

On 2 November 2007 the trade and assets of this business were hived up into Bakkavor Foods Limited. Prior to this date, the principal activity of the company was that of a chilled dessert manufacturer. The directors are satisfied with the results and achievements in the period to 29 December 2007.

The directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to Bakkavor Foods Limited at their book value.

As shown in the company's income statement on page 8, the company's sales amounting to £94,889,000 (2006 £78,326,423) have increased by 21.1% over the prior period.

The profit for the period, after taxation, amounted to £8,557,000 (2006 £10,344,504). Ordinary dividends of £nil (2006 £nil) were paid during the period.

EBITDA (Earnings before interest depreciation and amortisation) of £16,521,000 has remained relatively static compared to the prior period (2006 £17,401,386).

The main growth within the business in the current period has come from winning new business from competitors and new product launches.

The balance sheet on page 10 of the financial statements shows shareholder's funds amounting to £32,902,000 (2006 £24,344,882). The company's financial position represents the position attained on hive up and the book value of the assets held by the company at that date. Details of amounts owed to related parties are shown in balance sheet.

Details of significant events since the balance sheet date are contained in note 24 to the financial statements.

The Bakkavor Group hf (the parent company into whose financial statements the results of the company are consolidated) manages its operations on a segmental basis. The business of the company falls within the 'hot eats' segment. The performance of these segments is discussed in the business review of the Bakkavor Group hf accounts, and for this reason the company directors believe that further key performance indicators for the company are not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

Following the hive up of the business the company is not exposed to any significant financial risks.

Group risks are discussed in the Bakkavor Group hf Annual Report and Accounts.

Environment

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

Laurens Patisseries Limited

Directors' report (continued)

Employees

Details of the number of employees and related costs can be found in note 7 to the financial statements

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee Consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the intranet and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, all employees receive an annual bonus related to the overall profitability of the company.

Supplier payment policy

The company had no outstanding trade payable balances at the end of the period.

Charitable and political contributions

During the period the company made charitable donations of £26,000 (2006 £44,320) principally to local charities serving the communities in which the company operates.

Directors and their interests

The directors who served throughout the period except as noted, were as follows:

J Punnett

A Gudmundsson

H Arnadottir (appointed 28 March 2007)

R Howes (appointed 2 November 2007)

During 2007, the Company entered into indemnity deeds containing "qualifying third party indemnity provisions", as defined in section 309B of the Companies Act 1985, with all directors in respect of certain liabilities which may attach to them in their capacity as directors or former directors of the Company. These provisions remain effective to the date of signing the accounts.

A Gudmundsson was also a director of Bakkavor Group hf, the ultimate parent company during 2007. His interests in the shares of the ultimate parent company are set out in that company's annual report and accounts, which do not form part of this report.

The interests of A Gudmundsson in the shares of the ultimate parent company, who was also a Director of Bakkavor Group hf the ultimate parent company, are set out in that company's Annual Report and Accounts.

The Directors had no other disclosable interests.

Laurens Patisseries Limited

Directors' report (continued)

Auditors

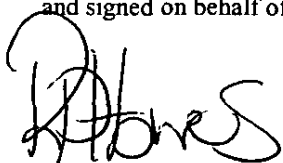
Each of the persons who is a director at the date of approval of these financial statements confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/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 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

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'R Howes', is written over the printed name.

R Howes

Director

30 April 2008

Laurens Patisseries Limited

Statement of directors' responsibilities

The directors are responsible for preparing 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Laurens Patisseries Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 29 December 2007 and of its profit for the period 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

Emphasis of matter – Financial statements prepared on a basis other than that of a going concern

Without qualifying our opinion, we draw your attention to note 2 of the financial statements concerning the basis on which the financial statements have been prepared. The company ceased trading on 2 November 2007. The directors have taken into account all available information about the period at least 12 months from the balance sheet date. The directors have not prepared the accounts on a going concern basis. Details of the circumstances relating to the emphasis of matter are described in note 2 of the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham UK

30/4/08

Laurens Patisseries Limited

Income statement

52 weeks ended 29 December 2007

		52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
	Note		
Revenue	5	94,889	78,326
Cost of sales		(66,526)	(46,350)
Gross profit		28,363	31,976
Other operating income		-	26
Administrative expenses		(14,232)	(16,607)
Operating profit		14,131	15,395
Investment revenues	5	222	70
Finance costs	9	(746)	(567)
		(524)	(497)
Profit before taxation		13,607	14,898
Tax	10	(5,050)	(4,554)
Net profit attributable to equity holders	20	8,557	10,344

All results relate to discontinued operations

The accompanying notes are an integral part of this income statement

Statement of changes in equity

52 weeks ended 29 December 2007

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Balance at beginning of period	24,345	14,001
Net profit for the period	8,557	10,344
Balance at end of period	32,902	24,345

Equity comprises share capital and retained earnings

Laurens Patisseries Limited

Balance sheet 29 December 2007

		29 December 2007 £'000	30 December 2006 £'000
	Note		
Non-current assets			
Goodwill	11	-	2,604
Other intangible assets	12	-	-
Property, plant and equipment	13	-	30,340
		<u>-</u>	<u>32,944</u>
Current assets			
Inventories	14	-	1,770
Trade and other receivables	15	-	15,850
Cash and cash equivalents	15	-	3,386
Amounts due from related parties	25	32,902	-
		<u>32,902</u>	<u>21,006</u>
Total assets		<u>32,902</u>	<u>53,950</u>
Current liabilities			
Trade and other payables	18	-	(11,830)
Amounts due to related parties	25	-	(6,586)
Current tax liabilities	18	-	(1,754)
Obligations under finance leases	16	-	(2,038)
		<u>-</u>	<u>(22,208)</u>
Net current assets/(liabilities)		<u>32,902</u>	<u>(1,202)</u>
Non-current liabilities			
Deferred tax liabilities	17	-	(2,370)
Obligations under finance leases	16	-	(5,027)
		<u>-</u>	<u>(7,397)</u>
Net assets		<u>32,902</u>	<u>24,345</u>

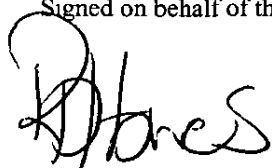
Laurens Patisseries Limited

Balance sheet 29 December 2007

		29 December 2007 £'000	30 December 2006 £'000
	Note		
Equity			
Share capital	19	500	500
Retained earnings	20	32,402	23,845
Total equity		32,902	24,345

The financial statements were approved by the Board of Directors on 30 April 2008

Signed on behalf of the Board of Directors



R Howes

Director

The accompanying notes are an integral part of this balance sheet

Laurens Patisseries Limited

Cash flow statement 52 weeks ended 29 December 2007

		52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
	Note		
Net cash from operating activities	21	<u>10,244</u>	<u>11,369</u>
Investing activities			
Interest received		222	70
Proceeds on disposal of property, plant and equipment		38	175
Purchases of property, plant and equipment		(9,213)	(5,842)
Acquisition of business		(258)	(3,250)
Acquisition of intangible assets		-	(41)
Disposal of business		<u>(3,260)</u>	<u>-</u>
Net cash used in investing activities		<u>(12,471)</u>	<u>(8,888)</u>
Financing activities			
Dividends paid		-	(3,615)
Repayment of borrowings		(413)	(1,679)
Repayment of obligations under finance leases		-	9,973
Increase in loans and finance leases		<u>(746)</u>	<u>(439)</u>
Net cash (used in)/from financing activities		<u>(1,159)</u>	<u>4,240</u>
Net (decrease)/increase in cash and cash equivalents		<u>(3,386)</u>	<u>6,721</u>
Cash and cash equivalents at beginning of period		<u>3,386</u>	<u>(3,335)</u>
Cash and cash equivalents at end of period		<u>-</u>	<u>3,386</u>
Cash and cash equivalents comprises			
Cash at bank		<u>-</u>	<u>3,386</u>

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

1. General information

Laurens Patisseries Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' Report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 7	<i>Financial instruments disclosures</i>
IFRS 8	<i>Operating segments</i>
IAS 23 (Revised)	<i>Borrowing costs</i>
IFRIC 11	<i>IFRS 2 group and treasury share transactions</i>
IFRIC 12	<i>Service concession arrangements</i>
IFRIC 13	<i>Customer loyalty programmes</i>
IFRIC 14	<i>IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company except for additional disclosures on financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007.

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are IFRIC 7 *Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies*, IFRIC 8 *Scope of IFRS 2*, IFRIC 9 *Reassessment of Embedded Derivatives*, and IFRIC 10 *Interim Financial Reporting and Impairment*. The adoption of these Interpretations has not led to any changes in the company's accounting policies.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

The company is exempt from preparing group accounts under s228 of Companies Act 1985 as it is a wholly owned subsidiary of Bakkavor London Limited and is included in the consolidated accounts of that company. Therefore, these financial statements present information about the company and not its group.

Going concern basis

On 2 November the business was hived up into Bakkavor Foods Limited and the Company ceased trading from that point onwards. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business.

Accounting convention

The financial statements are prepared under the historical cost convention.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

2. Significant accounting policies (continued)

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred

An internally-generated intangible asset arising from the company's product development is recognised only if all of the following conditions are met

- an asset is created that can be identified (such as software and new processes),
- it is probable that the asset created will generate future economic benefits, and
- the development cost of the asset can be measured reliably

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred

Operating profit

Operating profit is stated after charging restructuring costs and after the share of results of associates but before investment income and finance costs

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes

Sales of goods are recognised when goods are delivered and title has passed

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established

Property, plant and equipment

All property, plant and equipment is recorded at cost less accumulated depreciation and any recognised provision for impairment

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Freehold buildings	-	2% to 5% per annum straight line
Leasehold improvements	-	over the term of the lease
Plant and equipment	-	5% to 33% per annum straight line

Most plant and equipment is written off over 12 years (8-33%). Freehold land is not depreciated

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

2. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leasing transactions

Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

2. Significant accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Business combinations

The acquisition of a business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with *IFRS 5 Non Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Goodwill

Goodwill arising represents the excess of the cost of acquisition over the company's interest in the fair value of the identifiable assets and liabilities of business acquired at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the company's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

2. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

2. Significant accounting policies (continued)

Financial instruments (continued)

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Foreign currencies

The financial statements of the company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the company are expressed in pounds sterling, which is the functional currency of the Company.

In preparing the financial statements of the company transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

3. Accounting estimates and judgements

Critical accounting judgements and key sources of estimation uncertainty in applying the company's accounting policies

The preparation of the financial statements in conformity with adopted IFRS requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year then ended. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Estimates are used in the accounting for allowances for uncollectible receivables, depreciation, amortisation and impairment, pensions, taxes and contingencies. Estimates and assumptions are reviewed periodically and effects of revisions are reflected in the financial statements in the period that an adjustment is determined to be required.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

3. Accounting estimates and judgments (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at the balance sheet date was £nil (2006: £2,604,000). No impairment was considered necessary.

4. Segmental results

All of the company's revenue and results were derived from the completion of its principal activity within the UK. Accordingly, no segmental analysis of results is presented.

5. Revenue

Trading revenue

Turnover, which excludes value added tax, represents the net invoiced value of services relating to the principal activity of the company, provided to UK customers.

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Sale of goods	94,889	78,326

Investment revenue

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Interest on bank deposits	222	70

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

6. Profit for the period

Profit for the period is stated after charging

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Depreciation of owned property, plant and equipment	2,390	1,899
Amortisation of intangible assets included in other operating expenses	-	107
Loss on disposal of property, plant and equipment	9	635
Loss on write-off of intangible assets	-	358
Write-down of inventories	-	75
Staff costs (see note 7)	23,085	17,885

The analysis of auditors' remuneration is as follows

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	23	14
Fees payable to the company's auditors and their associates for other services to the company		
- Tax services	-	11
Total non-audit fees	-	11

7. Staff costs

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Wages and salaries	21,228	16,612
Social security costs	1,830	1,269
Other pension costs	27	4
	23,085	17,885

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

7. Staff costs (continued)

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

	52 weeks ended 29 December 2007	45 weeks ended 30 December 2006
Production staff	1,437	1,204
Management & administrative staff	137	84
Sales & distribution staff	47	28
	<u>1,621</u>	<u>1,316</u>

8. Directors emoluments

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Emoluments	-	98

The amounts in respect of the highest paid director are as follows

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Emoluments	-	65

The emoluments of the current Directors, including the highest paid Director, are for their services to the Group as a whole. It is not practicable to apportion their emoluments for their services to this company for which no direct charge is made to the Company. The emoluments of A Gudmundsson who is a director of Bakkavor Group hf are shown in that Company's accounts, and does not form part of this report.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

9. Finance costs

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Interest on bank overdrafts and loans	-	244
Interest on inter-company loans	341	-
Interest on obligations under finance leases	405	323
Total borrowing costs	<u>746</u>	<u>567</u>

10. Tax

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Current tax		
Group relief	4,907	4,254
Total current tax	<u>4,907</u>	<u>4,254</u>
Deferred tax	143	300
	<u>5,050</u>	<u>4,554</u>

The charge for the period can be reconciled to the profit per the income statement as follows

	52 weeks ended 29 December 2007		45 weeks ended 30 December 2006	
	£'000	%	£'000	%
Profit before tax	<u>13,607</u>	<u>100</u>	<u>14,898</u>	<u>100</u>
Tax at the UK corporation tax rate of 30% (2006 30%)	4,082	30	4,469	30
Tax effect of expenses that are not deductible in determining taxable profit	45	-	85	1
Effect of deferred tax rate change	(158)	(1)	-	-
Rate difference on current period deferred tax items	(31)	-	-	-
Adjustment to tax charge in respect of previous periods	(138)	(1)	-	-
Payment for group relief in excess of statutory rate	<u>1,250</u>	<u>9</u>	<u>-</u>	<u>-</u>
Tax expense and effective tax rate for the period	<u>5,050</u>	<u>37</u>	<u>4,554</u>	<u>31</u>

The key factor that may affect future tax charges is changes to tax legislation. With effect from 1 April 2008 the full range of corporation tax has decreased from 30% to 28%.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

11. Goodwill

	£'000
Cost	
At 20 February 2006	-
Recognised on acquisition of a business	2,604
At 30 December 2006	2,604
Adjustment to balance recognised on acquisition of a business in prior period (note 23)	465
Disposal of business	(3,069)
At 29 December 2007	-
Accumulated impairment losses	
At 30 December 2006 and 29 December 2007	-
Carrying amount	
At 29 December 2007	-
At 30 December 2006	2,604

The Company tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following three years based on an estimated growth rate of c 7 per cent. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the single CGU is 12.5 per cent.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

12. Other intangible assets

	Research & Development £'000	Carton Origination £'000	Total £'000
Cost			
At 20 February 2006	1,417	1,700	3,117
Additions	-	41	41
Written off during period	(1,417)	(1,741)	(3,158)
	<hr/>	<hr/>	<hr/>
At 30 December 2006 and 29 December 2007	-	-	-
	<hr/>	<hr/>	<hr/>
Amortisation			
At 20 February 2006	1,061	1,314	2,375
Written off during period	53	54	107
Disposal	(1,114)	(1,368)	(2,482)
	<hr/>	<hr/>	<hr/>
At 30 December 2006 and 29 December 2007	-	-	-
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 29 December 2007	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 December 2006	-	-	-
	<hr/>	<hr/>	<hr/>

All intangible assets were written off during the prior period. Following the acquisition of the company by the Bakkavor Group hf during the period, management concluded that the assets were not capable of generating future benefit for the entity.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

13. Property, plant and equipment

	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
Cost			
At 20 February 2006	14,329	23,788	38,117
Additions	3,460	2,382	5,842
Acquisition of business	-	876	876
Disposals	-	(2,692)	(2,692)
At 30 December 2006	17,789	24,354	42,143
Additions	2,845	6,368	9,213
Disposal of business	(20,634)	(30,599)	(51,233)
Disposals	-	(123)	(123)
At 29 December 2007	-	-	-
Accumulated depreciation and impairment			
At 20 February 2006	1,535	10,568	12,103
Charge for the period	249	1,650	1,899
Eliminated on disposals	-	(2,199)	(2,199)
At 30 December 2006	1,784	10,019	11,803
Charge for the period	320	2,070	2,390
Fair value adjustment on acquisition of business in prior period	-	207	207
Disposal of business	(2,104)	(12,224)	(14,328)
Eliminated on disposals	-	(72)	(72)
At 29 December 2007	-	-	-
Carrying amount			
At 29 December 2007	-	-	-
At 30 December 2006	16,005	14,335	30,340

The carrying amount of the company's fixtures and equipment includes an amount of £nil (2006 £8,369,000) in respect of assets held under finance leases

At 29 December 2007, the company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £nil (2006 £2,810,000)

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

14. Inventories

	29 December 2007 £'000	30 December 2006 £'000
Raw materials	-	1,541
Work in progress	-	3
Finished goods	-	226
	<u>-</u>	<u>1,770</u>

15. Other financial assets

Trade and other receivables

	29 December 2007 £'000	30 December 2006 £'000
Amounts receivable from trade customers	-	12,642
Other debtors	-	1,163
Prepayments and accrued income	-	2,045
	<u>-</u>	<u>15,850</u>

The directors consider that the carrying amount of trade and other receivables approximates their fair value

Cash and cash equivalents

	29 December 2007 £'000	30 December 2006 £'000
Cash and cash equivalents	<u>-</u>	<u>3,386</u>

Cash and cash equivalents comprise cash held by the company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Credit risk

The company's only financial asset is an inter-company loan. Therefore, the Directors' do not consider there to be any significant credit risk exposure.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

16. Financial liabilities

Obligations under finance leases

	Minimum lease payments		Present value of lease payments	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Amounts payable under finance leases				
Within one year	-	(2,847)	-	(2,038)
In the second to fifth years inclusive	-	(5,735)	-	(5,028)
	-	(8,582)	-	(7,066)
Less future finance charges	-	1,516	n/a	n/a
Present value of lease obligations	-	(7,066)	-	(7,066)
Less Amount due for settlement within 12 months (shown under current liabilities)			-	2,038
Amount due for settlement after 12 months			-	(5,028)

All leases were transferred to Bakkavor Foods Limited when the trade and assets of the company were transferred. The average lease term is 5 years. For the 52 weeks ended 29 December 2007, the average effective borrowing rate was 5.55 % (2006: 5.55 %). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in sterling.

The fair value of the company's lease obligations approximates their carrying amount.

The company's obligations under finance leases are secured by the lessors' rights over the leased assets.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

17. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting periods

	Accelerated tax depreciation £'000
At 20 February 2006	2,070
Charge to income	300
	<hr/>
At 30 December 2006	2,370
Charge/(credit) to income	143
Disposal of business	(2,513)
	<hr/>
As 29 December 2007	-

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes

	29 December 2007 £'000	30 December 2006 £'000
Deferred tax liabilities	-	2,370

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

18. Other financial liabilities

Trade and other payables

	29 December 2007 £'000	30 December 2006 £'000
Trade payables	-	6,325
Other taxation and social security costs	-	527
Other creditors	-	249
Accruals and deferred income	-	4,729
	<hr/>	<hr/>
	-	11,830
Corporation tax	-	1,754
	<hr/>	<hr/>
	-	13,584
	<hr/>	<hr/>

The directors consider that the carrying amount of trade payables approximates to their fair value

19. Share capital

	29 December 2007 £'000	30 December 2006 £'000
Authorised		
Ordinary shares of £1 each	500	500
	<hr/>	<hr/>
Allotted, called-up and fully paid	29 December 2007	30 December 2006
	No £	No £
Ordinary shares of £1 each	500,000 500,000	500,000 500,000
	<hr/>	<hr/>

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

20. Retained earnings

	£'000
Balance at 20 February 2006	13,501
Net profit for the period	10,344
Balance at 30 December 2006	23,845
Net profit for the period	8,557
Balance at 29 December 2007	32,402

21. Notes to the cash flow statement

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Operating profit for the period	14,131	15,395
Adjustments for		
Depreciation of property, plant and equipment	2,390	1,899
Impairment loss on property, plant and equipment	-	107
Amortisation of intangible assets	9	635
Gain on disposal of property, plant and equipment	-	358
Gain on disposal of intangible assets	-	-
	16,530	18,394
Operating cash flows before movements in working capital		
(Increase)/decrease in inventories	(86)	36
Increase in receivables	(3,491)	(6,862)
(Decrease)/increase in payables	(829)	4,304
Cash generated by operations	12,124	15,872
Income taxes paid	(1,880)	(4,503)
Net cash from operating activities	10,244	11,369

Additions to fixtures and equipment during the period amounting to £nil (2006 £2,972,641) were financed by new finance leases

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

22. Acquisitions and disposals

On 2 November 2007, the Company entered into a sale agreement to hive-up the entire business to its immediate parent company – Bakkavor Foods Limited. The hive-up was completed on 2 November 2007.

The business was transferred at net book value at the date of transfer.

	Book value £'000
Net assets disposed	
Goodwill	3,069
Property, plant and equipment	36,905
Inventories	1,856
Trade and other receivables	19,341
Cash and cash equivalents	3,260
Trade and other payables	(24,236)
Current tax	(4,780)
Deferred tax	(2,513)
	<hr/>
Total consideration	32,902
	<hr/>
Satisfied by	
Inter-company loan	32,902
	<hr/>
Net cash inflow arising on disposal	
Cash and cash equivalents disposed	3,260
	<hr/>

On 10 November 2006, the company acquired the trade and assets of Rye Valley Patisseries for cash consideration of £3,250,000. The fair value of the assets acquired was £646,000 and goodwill arose of £2,064,000. During the 52 weeks ended 29 December 2007 an additional £258,000 was incurred on the cost of the acquisition of the trade and assets and the fair value of the property, plant and equipment was reduced by £207,000. This has resulted in additional goodwill arising of £465,000.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

23. Operating lease arrangements

	52 weeks ended 29 December 2007 £'000	45 weeks ended 30 December 2006 £'000
Minimum lease payments under operating leases recognised as an expense in the period	291	192

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	29 December 2007 £'000	30 December 2006 £'000
Within one year	-	220
In the second to fifth years inclusive	-	819
After five years	-	710
	-	1,749

Operating lease payments represent rentals payable by the company for plant and machinery. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years.

24. Events after the balance sheet date

There have been no material post balance sheet events which would require additional disclosure or adjustment to the financial statements for the period ended 29 December 2007.

Laurens Patisseries Limited

Notes to the accounts

52 weeks ended 29 December 2007

25. Related party transactions

Trading transactions

During the period, the company entered into the following transactions with related parties

	Sale of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Bakkavor (London) Limited	-	-	-	-	-	-	-	6,086
Bakkavor Foods Limited	-	-	-	-	32,902	-	-	500
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,902</u>	<u>-</u>	<u>-</u>	<u>6,586</u>

Bakkavor (London) Limited and Bakkavor Foods Limited are related parties of the company because they are part of the Bakkavor Group

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel

The remuneration of the directors and senior management, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. Further information about the remuneration of directors of the company is provided in note 7 to the financial statements.

	29 December 2007 £'000	30 December 2006 £'000
Short-term employee benefits	<u>234</u>	<u>261</u>

26. Controlling party

The company's ultimate parent company and ultimate controlling party is Bakkavor Group hf, a company registered in Iceland. The largest group in which the results of the company are consolidated is that headed by Bakkavör Group hf. It has included the company in its Group financial statements, copies of which are available from Hamraborg, 200 Kopavogur, Iceland.

The directors consider Bakkavor Acquisitions Limited to be the immediate parent company.

Independent auditors' report to the members of Laurens Patisseries Limited

We have audited the financial statements of Laurens Patisseries Limited for the 52 weeks ended 29 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 26. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 other information contained in the directors' report and other information contained in the financial statements as described in the contents section and consider whether it is consistent with the audited financial statements. We 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 financial statements.

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 judgments 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.