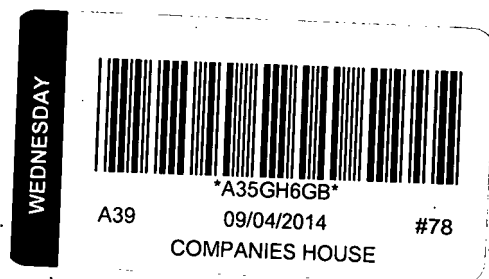


Company Registration No. 02826929

2 SISTERS FOOD GROUP LIMITED

Report and Financial Statements

52 weeks ended 27 July 2013



2 SISTERS FOOD GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 27 JULY 2013

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2 SISTERS FOOD GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 27 JULY 2013

OFFICERS AND PROFESSIONAL ADVISERS

Directors

R S Boparan
B K Boparan
S Henderson

REGISTERED OFFICE

Trinity Park House
Fox Way
Wakefield
WF2 8EE

BANKERS

Bank of Scotland
55 Temple Row
Birmingham
West Midlands
B2 5LS

HSBC
PO Box 68
130 New Street
Birmingham
B2 4JU

Rabobank International
Thames Court
One Queenhithe
London
EC4V 3RL

BNP Paribas UK Ltd
10 Harewood Avenue
London
NW1 6AA

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Four Brindleyplace
Birmingham
B1 2HZ

2 SISTERS FOOD GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 27 July 2013.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company is a wholly owned subsidiary of Boparan Holdings Limited. The principal activity of the Company is the processing of poultry products. There have not been any significant changes in the Company's principal activity in the period under review or post year end.

The results are shown in the profit and loss account on page 8. The Company has made a loss for the period and a number of initiatives have been implemented to improve the performance in future periods.

As we enter the new financial year, the increase in feed ingredient prices remains a challenge to the business, as it is for many other food manufacturers. The Company is working with customers to recover feed inflation and drive volume and invest in capacity and efficiency.

The Company has a strong balance sheet and continues to use a number of key performance indicators to measure business performance, including net assets / liabilities, gross profit margin and operating profit / loss before taxation.

The Company continues to invest in new product development, which has resulted in a number of new product launches during the period. The directors regard investment in this area as essential for continuing success in the medium to long term.

KEY PERFORMANCE INDICATORS

The directors monitor the Company's performance in a number of ways, including Key Performance Indicators (KPIs). The KPIs together with the information for the period ended 27 July 2013 and comparatives are as follows:

	2013	2012
Total turnover	£855.1m	£778.0m
Gross profit margin	5.6%	7.8%
Operating loss before taxation	£(13.3)m	£(1.3)m
Employees (average number)	4,927	3,951
Net assets	£51.1m	£64.4m

In addition to financial key performance indicators the Company monitors non-financial key performance indicators on an individual site basis, including customer service and quality levels, employee turnover, sickness absence rate, production waste levels, accident frequency rates, customer complaints and employee satisfaction.

TRADING PERFORMANCE

Gross profit margin and operating profit have both decreased in the period primarily as a result of a change in sales mix and the difficult trading conditions experienced in the period from increased feed prices.

The UK Poultry market is expected to see continued pressure due to the impact of inflation and changes in promotional dynamics by some retailers.

SUBSEQUENT EVENTS

On 14 October 2013 the Company announced the closure of Haughley Park, a poultry cooking site. The anticipated effect of this proposal has not been provided in these accounts.

2 SISTERS FOOD GROUP LIMITED

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The Company faces a number of external risks which are outside its day to day control. The key identified risk is Avian Influenza. The Company has developed contingency plans should an outbreak of Avian Influenza occur in close proximity to any of its operating facilities and has operations spread geographically throughout the UK to minimise risk.

There are other risks and uncertainties which the Company faces that are within its control. The principal identified risks are liquidity, customer relationships, continuity of supply and production.

These risks are considered by the board on a monthly basis. The Boparan Holdings Limited statutory accounts which are publically available provide further information regarding the principal risks and uncertainties to the Group.

GOING CONCERN

The Company is in a net assets position and does not have any exposure to external debt as working capital and short term cash flow requirements are managed through a combination of retained earnings and financial support from the parent company, Boparan Holdings Limited.

The Boparan Holdings Group has two main sources of finance. The Bond comprises £400m of Senior Notes due 2018 at an interest rate of 9.875% and €340m of Senior Notes due April 2018 at an interest rate of 9.750%. The Revolving Credit Facility (RCF) of £40m expires in April 2016. The Company and other Group subsidiary companies are cross guarantors of the Bond whereby they absolutely and unconditionally guarantee the principal and interest on the Senior loan notes. The same companies are cross guarantors in respect of the Boparan Holdings Group's £40m Revolving credit facility which is a facility of Boparan Holdings Limited. This facility was undrawn at the balance sheet date. The total bond value net of prepaid bond fees as at 27 July 2013 per the Boparan Holdings Group accounts was £676.7m net of fees (2012: £649.1m) however the individually guaranteed amount is not readily available.

Group forecasts indicate that there will be no breach of financial covenants for a period of at least 12 months from the date of approval of these financial statements.

The parent company has confirmed its intention to provide sufficient financial support, should it be required, to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements.

The directors have considered the future activities of the Company, its expected future cash flows and the availability of financial support from the parent company and have concluded that the Company will continue in operational existence for the foreseeable future, thus the Company is considered to be a going concern. Further details regarding the adoption of the going concern basis can be found in note 1.

FINANCIAL RISK MANAGEMENT POLICIES

It is, and has been throughout the period under review the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year.

Interest rate risk

The Company finances its operations through a mixture of retained profits and borrowings from its parent company which in turn relies on the availability of funds borrowed through its subsidiary company Boparan Finance Plc.

2 SISTERS FOOD GROUP LIMITED

DIRECTORS' REPORT (continued)

Credit risk

The Company's principal financial instruments comprise trading intercompany balances, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The Company's customers have favourable credit ratings and the credit risk on trade debtors is managed through regular monitoring of overdue amounts and review of customer credit limits. The Company is financed by inter group loans and so does not have any exposure to external financing.

Liquidity risk

In order to maintain liquidity and ensure sufficient funds are available for ongoing operations and future development, the Company is financed by intercompany loans from fellow group subsidiaries which utilise long-term high yield bonds and short-term debt finance available to the Boparan Holdings group.

Foreign currency risk

The Company enters into transactions to manage the currency risk arising from the Company's operations and its sources of finance by way of spot deals with overseas subsidiaries.

The Company does not currently hedge its foreign exchange transactions.

Price risk

The Company purchases a significant quantity of raw materials each year and incurs many other input costs such as utilities. The Company's cost base can be affected by fluctuating raw material, services and energy prices. An inability to pass on increases in costs to the customer could adversely affect the results of the Company. The Boparan Holdings group has a central procurement function which through its size and strong relationships with suppliers, enables optimal negotiated price, service and availability. Forward prices are agreed and locked in where appropriate and available. The Group seeks to pass on commodity and raw material cost increases, wherever possible, to its customers through price rises; however, competitive constraints in achieving this can affect the Group and Company's results.

DIVIDENDS

The directors do not propose the payment of a dividend for the period ended 27 July 2013 (2012: £nil).

DIRECTORS

The directors of the Company who served during the period ended 27 July 2013 and up to the date of signing the financial statements were those listed on page 1.

DIRECTORS INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of the directors which remain in force at the date of this report.

DONATIONS

The Company made £79,000 charitable donations during the period (2012: £36,000) principally to charities which the directors deem it appropriate to support and which serve the communities in which the Group operates.

ENVIRONMENT

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damages that might be caused by the Company's activities.

2 SISTERS FOOD GROUP LIMITED

DIRECTORS' REPORT (continued)

EMPLOYEES

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

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

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

AUDITOR

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

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

By order of the board



S Henderson
Director
22 November 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2 SISTERS FOOD GROUP LIMITED

We have audited the financial statements of 2 Sisters Food Group Limited for the 52 week period ended 27 July 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 26. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 July 2013 and of its loss for the 52 week 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Richard Knights FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, UK
22 November 2013

2 SISTERS FOOD GROUP LIMITED

PROFIT AND LOSS ACCOUNT for period ended 27 July 2013

	Note	52 weeks ended 27 July 2013 £'000	52 weeks ended 27 July 2013 £'000	52 weeks ended 28 July 2012 £'000	52 weeks ended 28 July 2012 £'000
Turnover	2	855,094			778,006
Cost of sales					
- before exceptional items		(806,837)		(716,546)	
- exceptional items	3	-		(734)	
			(806,837)		(717,280)
GROSS PROFIT			48,257		60,726
Distribution costs			(48,583)		(42,552)
Administrative expenses					
- before exceptional items		(12,103)		(17,827)	
- exceptional items	3	(830)		(1,648)	
			(12,933)		(19,475)
OPERATING (LOSS) / PROFIT:					
- before exceptional items		(12,429)		1,081	
- exceptional items	3	(830)		(2,382)	
OPERATING LOSS:			(13,259)		(1,301)
Exceptional items	3		(436)		-
Interest receivable and similar income	4		994		198
Interest payable and similar charges	5		(3,254)		(731)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	6		(15,955)		(1,834)
Tax on loss on ordinary activities	9		2,901		(2,658)
LOSS FOR THE FINANCIAL PERIOD	20		(13,054)		(4,492)

All results derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for period ended 27 July 2013

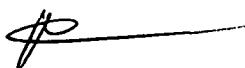
		27 July 2013 £'000	28 July 2012 £'000
Loss for the financial period		(13,054)	(4,492)
Actuarial (loss) / gain relating to the pension scheme	23	(267)	220
UK deferred tax attributable to actuarial (gain) / loss		66	(50)
Total recognised gains and losses recognised in the period		(13,255)	(4,322)

2 SISTERS FOOD GROUP LIMITED

BALANCE SHEET as at 27 July 2013

	Note	27 July 2013 £'000	28 July 2012 £'000
FIXED ASSETS			
Goodwill	10	18,616	19,990
Tangible assets	11	93,881	79,597
Investments	12	9,498	9,498
		<u>121,995</u>	<u>109,085</u>
CURRENT ASSETS			
Stocks	13	19,734	20,178
Debtors due within one year	14	71,239	73,756
Cash at bank and in hand		28,905	13,545
		<u>119,878</u>	<u>107,479</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>(186,654)</u>	<u>(145,897)</u>
NET CURRENT LIABILITIES		<u>(66,776)</u>	<u>(38,418)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>55,219</u>	<u>70,667</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(3,446)	(6,466)
PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>(627)</u>	<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME ASSET		<u>51,146</u>	<u>64,201</u>
Pension Scheme Asset	23	-	200
NET ASSETS		<u><u>51,146</u></u>	<u><u>64,401</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	5	5
Capital redemption reserve	20	5	5
Profit and loss account	20	51,136	64,391
SHAREHOLDERS' FUNDS	21	<u><u>51,146</u></u>	<u><u>64,401</u></u>

These financial statements were approved and authorised for issue by the Board of Directors on 22 November 2013.



S Henderson

Director

Company registration number - 02826929

2 SISTERS FOOD GROUP LIMITED

BALANCE SHEET as at 27 July 2013

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These financial statements were approved and authorised for issue by the Board of Directors on 22 November 2013.

S Henderson

Director

Company registration number - 02826929

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 July 2013

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding period.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 2 to 3. The directors' report in conjunction with note 25 describes the financial position of the Company; its cash flows, liquidity, position and borrowing facilities, the Companies objectives, policies and processes for managing its capital, its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements through its own cash flow and borrowings from its parent company where required.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its parent company's current facility.

The Boparan Holdings Group has two main sources of finance. The Bond comprises £400m of Senior Notes due 2018 at an interest rate of 9.875% and €340m of Senior Notes due April 2018 at an interest rate of 9.750%. The Revolving Credit Facility (RCF) of £40m expires in April 2016. The Company and other Group subsidiary companies are cross guarantors of the Bond whereby they absolutely and unconditionally guarantee the principal and interest on the Senior loan notes. The same companies are cross guarantors in respect of the Boparan Holdings Group's £40m Revolving credit facility which is a facility of Boparan Holdings Limited. This facility was undrawn at the balance sheet date. The total bond value as at 27 July 2013 per the Boparan Holdings Group accounts was £676.7m net of fees (2012: £649.1m) however the individually guaranteed amount is not readily available. Group forecasts indicate that there will be no breach of financial covenants for a period of at least 12 months from the date of approval of these financial statements.

The directors in their capacity as Directors of the holding company, Boparan Holdings Limited, of both 2 Sisters Food Group Limited and Boparan Finance Plc have reviewed the forecasts for the next twelve months and are confident the Group will continue to be profitable and cash generative allowing it to meet its external interest requirements.

After making enquires, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents amounts receivable for goods despatched in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

No depreciation is provided on freehold land. On other assets it is provided evenly on the cost of the tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

Freehold Buildings & Leasehold improvements	5%-20%
Plant and machinery	10%-20%
Fixtures, fittings, tools and equipment	10%-25%

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 July 2013

1. ACCOUNTING POLICIES (continued)

Intangible assets – goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Leased assets

Where assets are financed by leasing agreements ("finance leases") the assets are included in the balance sheet at cost less depreciation in accordance with the Company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

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

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. Provision is made for obsolete, slow moving or defective stock where appropriate.

Related party transactions

The Company has taken advantage of the exemption granted under FRS 8 which does not require disclosure of transactions between subsidiary undertakings where 100% of the Company's voting rights are controlled within the Group.

Group accounts and cash flow statement

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Sections 400(2) and 401(2) of the Companies Act 2006 because it is a wholly owned subsidiary of Boparan Holdings Limited and Boparan Holdco Limited which are the smallest and largest group of undertakings, respectively, which prepare publicly available consolidated accounts that incorporate the results of the Company. Therefore these accounts present information about the Company as an individual undertaking and not about its group. The Company is also, on this basis, exempt from the requirement of Financial Reporting Standard 1 "Cash flow statements" to present a cash flow statement.

Investments

Fixed asset investments are shown at cost less provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 July 2013

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded 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 from which the future reversal of the 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 a non-discounted basis.

Pension schemes

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit pension scheme

The Company operates a defined benefit pension scheme. Under FRS 17 pension scheme assets are measured using fair values. Pension scheme liabilities are valued using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability.

A pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full, net of deferred tax, and presented on the face of the balance sheet. The movement in the scheme surplus/deficit is split between operating and financial items in the profit and loss account and the statement of total recognised gains and losses.

The full service cost of the pension provision is charged to operating (loss)/profit. The net impact of the unwinding of the discount rate on scheme liabilities and the expected return on the scheme assets is credited to interest receivable and similar income.

Any difference between the expected return on assets and that actually achieved is charged through the statement of total recognised gains and losses (STRGL). Similarly, any differences that arise from experience or assumption changes are charged through the statement of total recognised gains and losses.

2 SISTERS FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 July 2013

2. TURNOVER

Turnover by destination relates wholly to the United Kingdom and arose from the Company's principal activity.

3. EXCEPTIONAL ITEMS

During the period we recognised £1,266,000 exceptional items (2012: £2,382,000) which relate to:

	52 weeks ended 27 July 2013 £'000	52 weeks ended 28 July 2012 £'000
Exceptional items reported in operating profit		
Restructure costs – rationalisation costs following restructure in the Group	830	1,866
Impairment of property, plant and equipment	-	516
Exceptional items reported after operating profit		
Loss on property disposal	436	-
	<u>1,266</u>	<u>2,382</u>

The exceptional items reported after operating profit have no tax effect in either period.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 27 July 2013 £'000	52 weeks ended 28 July 2012 £'000
Interest from group companies	978	-
Interest on bank deposit	5	-
Interest on outstanding tax receivable	-	183
Net return on pension scheme	11	15
	<u>994</u>	<u>198</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 27 July 2013 £'000	52 weeks ended 28 July 2012 £'000
Interest of bank overdrafts	4	-
Interest on group loans and overdrafts	2,720	-
Interest on finance leased assets	530	731
	<u>3,254</u>	<u>731</u>

2 SISTERS FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 July 2013

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is arrived at after charging:

	52 weeks ended 27 July 2013 £'000	52 weeks ended 28 July 2012 £'000
Auditor's remuneration for audit services	80	80
Operating lease rentals		
- hire of plant and machinery	1,502	2,078
- other	3,028	3,230
Amortisation of goodwill (note 10)	1,374	1,390
Impairment of tangible fixed assets	-	516
Depreciation		
- owned	11,692	5,185
- leased	2,062	6,367

Amounts payable to Deloitte LLP in respect of non-audit services were £nil (2012: £82,167) for tax advisory services and £nil (2012: £25,132) for corporate finance services.

7. EMPLOYEES

Average weekly number of employees, including directors:

	52 weeks ended 27 July 2013 No	52 weeks ended 28 July 2012 No
Production	4,869	3,877
Administration and selling	58	74
	<u>4,927</u>	<u>3,951</u>

Staff costs

	£'000	£'000
Wages and salaries	86,032	82,310
Social security costs	7,007	7,041
Pension costs	454	384
	<u>93,493</u>	<u>89,735</u>

8. DIRECTORS

The directors are remunerated by other group companies. The directors received combined emoluments of £993,251 (2012: £1,057,433). It is not practicable to ascertain what proportion of these emoluments relates to the Company. The highest paid director received total emoluments of £524,882.

2 SISTERS FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 July 2013

9. TAXATION

The Finance Act which provides for a reduction in the main rate of corporation tax to 20% effective from 1 April 2015 was substantively enacted on 17 July 2013. This recent change in legislation has been reflected in the deferred tax balances at 27 July 2013. The prior year balances reflected the reduction in the main rate of corporation tax from 25% to 23% as this rate was substantively enacted on 3 July 2012.

	52 weeks ended 27 July 2013 £'000	52 weeks ended 28 July 2012 £'000
United Kingdom Corporation tax		
Current tax on income for the period	(2,984)	2,074
Adjustments in respect of prior years	(996)	(240)
Total current tax	(3,980)	1,834
Deferred taxation (note 18)		
Net origination of timing differences	(47)	(1,465)
Adjustment in respect of prior years	1,209	2,283
Adjustment due to rate change	(83)	6
Total deferred tax charge	1,079	824
Total tax (credit) / charge	(2,901)	2,658
 Current tax reconciliation		
Loss on ordinary activities before taxation	15,955	1,834
UK Corporation tax rate of 23.67% (2012: 24%)	(3,776)	(440)
Effects of:		
- Disallowable expenses	420	780
- Capital allowances in excess of depreciation	264	1,215
- Tax rate differences	-	139
- Other timing differences	108	380
- Adjustments in respect of prior years	(996)	(240)
	(3,980)	1,834

NOTES TO THE FINANCIAL STATEMENTS
Period ended 27 July 2013

10. GOODWILL

	Total £'000
Cost	
At 29 July 2012 and 27 July 2013	31,660
Accumulated amortisation	
At 29 July 2012	11,670
Charge	1,374
At 27 July 2013	13,044
Net book value	
At 27 July 2013	18,616
At 28 July 2012	19,990

11. TANGIBLE FIXED ASSETS

	Land and buildings and leasehold improvements £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost				
At 29 July 2012	52,855	89,789	7,918	150,562
Additions	3,682	19,376	5,556	28,614
Disposals	(576)	-	(8)	(584)
At 27 July 2013	55,961	109,165	13,466	178,592
Accumulated depreciation				
At 29 July 2012	13,698	51,712	5,555	70,965
Charge	3,132	9,374	1,248	13,754
Disposals	-	-	(8)	(8)
At 27 July 2013	16,830	61,086	6,795	84,711
Net book value				
At 27 July 2013	39,131	48,079	6,671	93,881
At 28 July 2012	39,157	38,077	2,363	79,597

Included in plant and machinery are assets with a net book value amounting to £10,214,000 (2012: £11,620,000) held under finance leases. Depreciation charged on these assets in the period amounted to £656,000 (2012: £6,367,000).

2 SISTERS FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Period ended 27 July 2013

12. FIXED ASSET INVESTMENTS

	27 July 2013 £'000	28 July 2012 £'000
<i>Subsidiary undertakings</i>		
Cost		
At start and end of period	<u>9,498</u>	<u>9,498</u>

The Company's principal subsidiaries are listed below:

Company	Principal activity	Country of incorporation
Scot-Lad Limited	Dormant	Scotland
Joseph Mitchell (Letham) Limited	Dormant	Scotland
Challenger Foods Limited	Dormant	England
Lloyd Maunder Limited	Dormant	England
Hook 2 Sisters Limited	Chicken growing	England

Other than Hook 2 Sisters Limited, the Company owns 100% of the ordinary share capital of voting rights of all the companies above. The Company owns 50% of the ordinary share capital of Hook 2 Sisters Limited.

13. STOCKS

	27 July 2013 £'000	28 July 2012 £'000
Stock and WIP	9,357	14,358
Packaging and consumables	<u>10,377</u>	<u>5,820</u>
	<u>19,734</u>	<u>20,178</u>

The replacement cost of the above stocks would not be significantly different from the values stated.

2 SISTERS FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Period ended 27 July 2013

14. DEBTORS

	27 July 2013 £'000	28 July 2012 £'000
Trade debtors	35,763	38,710
Amounts owed by group undertakings	12,983	6,057
Amounts owed by parent company	7,981	17,321
Other debtors	5,876	3,770
Prepayments and accrued income	4,400	6,199
Deferred taxation (note 18)	-	449
Corporation tax	2,986	-
Amounts owed by joint venture (note 24)	1,250	1,250
	<u>71,239</u>	<u>73,756</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	27 July 2013 £'000	28 July 2012 £'000
Obligations under finance leases	3,065	3,099
Trade creditors	50,116	43,340
Amounts owed to group undertakings	66,561	45,821
Amounts owed to joint venture (note 24)	29,601	32,699
Corporation tax	-	1,834
Other taxation and social security	1,363	2,282
Accruals and deferred income	35,948	16,822
	<u>186,654</u>	<u>145,897</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	27 July 2013 £'000	28 July 2012 £'000
Obligations under finance leases (note 17)	3,446	6,466
	<u>3,446</u>	<u>6,466</u>

2 SISTERS FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Period ended 27 July 2013

17. OBLIGATIONS UNDER FINANCE LEASES

	27 July 2013 £'000	28 July 2012 £'000
Within one year or less or on demand	3,065	3,099
More than one year but not more than two years	2,058	3,017
More than two years but not more than five years	1,388	3,449
	<u>6,511</u>	<u>9,565</u>

Finance leases are secured over the assets to which they relate.

18. DEFERRED TAXATION

	27 July 2013 £'000	28 July 2012 £'000
Deferred taxation:		
Asset at the beginning of the period	(449)	(1,273)
Charge to profit and loss account	1,162	818
Pension scheme – deferred tax	61	-
Credit to reserves	(64)	-
Adjustment due to rate change	(83)	6
	<u>627</u>	<u>(449)</u>

Liability / (asset) at the end of the period

	27 July 2013 £'000	28 July 2012 £'000
Capital allowances	658	(220)
Other timing differences	(31)	(229)
	<u>627</u>	<u>(449)</u>

As at 27 July 2013 the Company had an unrecognised deferred tax asset of £174,400 (2012: £nil) in relation to capital losses.

19. CALLED UP SHARE CAPITAL

	27 July 2013 £'000	28 July 2012 £'000
Authorised		
10,000 Ordinary shares of £1 each	10	10
Called up, allotted and fully paid		
5,000 Ordinary shares of £1 each	<u>5</u>	<u>5</u>

2 SISTERS FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Period ended 27 July 2013

20. RESERVES

	Capital redemption reserve £'000	Profit and loss account £'000
At 28 July 2012	5	64,391
Loss for the financial period	-	(13,054)
Pension scheme – actuarial gain	-	(265)
Pension scheme – deferred tax on actuarial gain	-	64
At 27 July 2013	<u>5</u>	<u>51,136</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	27 July 2013 £'000	28 July 2012 £'000
Loss for the financial period	(13,054)	(4,492)
Other recognised gains and losses relating to the period	(201)	170
Net movement in shareholders' funds	(13,255)	(4,322)
Opening shareholders' funds	64,401	68,723
Closing shareholders' funds	51,146	64,401

NOTES TO THE FINANCIAL STATEMENTS
Period ended 27 July 2013

22. FINANCIAL COMMITMENTS

Capital commitments

Authorised capital expenditure to which the Company is contracted amounts to £5,401,000 at 27 July 2013 (2012: £2,051,000).

Operating lease commitments

The payments which the Company is committed to make in the next period under operating leases are as follows:

	27 July 2013 £'000	28 July 2012 £'000
Land and building leases expiring		
- Within one year	64	64
- Two to five years	363	177
- Greater than five years	2,270	2,727
	2,697	2,968
Other leases expiring		
- Within one year	740	256
- Two to five years	1,027	524
- Greater than five years	65	297
	1,832	1,077

NOTES TO THE FINANCIAL STATEMENTS
Period ended 27 July 2013

23. PENSION SCHEME

DEFINED CONTRIBUTION SCHEMES

The Company contributes to defined contribution schemes for all qualifying employees. The total cost charged to the profit and loss account of £484,000 (2012: £369,000) represents contributions payable to these by the Company at rates specified in the rules of the plans. At 27 July 2013 contributions of £nil (2012: £63,000) due in respect of the current reporting period had not been paid over to the scheme.

DEFINED BENEFIT SCHEME

The Company operates a defined benefit pension scheme in the UK. This scheme was hived up to this company from Lloyd Maunder Limited in the previous year. A full actuarial valuation was carried out at 30 May 2011 and updated to 27 July 2013 for FRS17 purposes by a qualified actuary. The major assumptions used for the actuarial valuation were:

	27 July 2013 £'000	28 July 2012 £'000
Rate of increase in salaries	N/A	4.7%
Inflation assumption (RPI)	3.4%	2.7%
Inflation assumption (CPI)	2.6%	1.9%
Discount Rate	4.6%	4.2%
	S1PA	S1PA
Mortality	CMI_2012	CMI_2011

The life expectancy in years for members at sample ages are shown below:

	27 July 2013	28 July 2012
Male aged 45 now	24.9	24.8
Female aged 45 now	27.4	27.3
Male aged 65	22.7	22.7
Female aged 65	25.1	25.0

NOTES TO THE FINANCIAL STATEMENTS
Period ended 27 July 2013

23. PENSION SCHEME (Continued)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

		27 July 2013 £'000		28 July 2012 £'000
	%		%	
Equities	7.4	1,235	7.1	1,016
Cash	3.4	186	2.6	122
Insurance Contracts	4.6	6,564	4.2	7,315
		<hr/>		<hr/>
Total fair value of assets		7,985		8,453
		<hr/>		<hr/>
Present value of scheme liabilities		(7,985)		(8,193)
		<hr/>		<hr/>
Pension scheme asset		-		260
		<hr/>		<hr/>
Related deferred tax liability		-		(60)
		<hr/>		<hr/>
Net pension scheme asset		-		200
		<hr/>		<hr/>

Analysis of the amount charged to operating (loss)/profit

	27 July 2013 £'000	28 July 2012 £'000
Current service cost	11	15
	<hr/>	<hr/>
	11	15
	<hr/>	<hr/>

Analysis of the amount credited to interest

	27 July 2013 £'000	28 July 2012 £'000
Expected return on pension scheme assets	351	431
Interest on pension scheme liabilities	(340)	(416)
	<hr/>	<hr/>
Net return	11	15
	<hr/>	<hr/>

2 SISTERS FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Period ended 27 July 2013

23. PENSION SCHEME (Continued)

Analysis of the actuarial (loss) / gain in the statement of total recognised gains and losses	27 July 2013 £'000	28 July 2012 £'000
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Actuarial (loss) / gain	<u>(265)</u>	<u>220</u>
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The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £218,000 (2012: £483,000).

Changes in the present value of the scheme liabilities:	27 July 2013 £'000	28 July 2012 £'000
Scheme liabilities at start of period	8,193	8,251
Current service cost	11	15
Interest on pension scheme liabilities	340	416
Benefits paid	(227)	(228)
Contributions by employees	3	6
Actuarial gains on liabilities	(335)	(267)
Scheme liabilities at period end	<u>7,985</u>	<u>8,193</u>

Changes in fair value of the scheme assets	27 July 2013 £'000	28 July 2012 £'000
Fair value of scheme assets at start of period	8,453	8,279
Expected return on scheme assets	351	431
Contributions by the employer	6	12
Contributions by employees	3	6
Benefits paid	(227)	(228)
Actuarial loss on scheme assets	(601)	(47)
Fair value of scheme assets at the period end	<u>7,985</u>	<u>8,453</u>

2 SISTERS FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS Period ended 27 July 2013

23. PENSION SCHEME (Continued)

	27 July 2013 £'000	28 July 2012 £'000
Actual Return on scheme assets		
Expected return on scheme assets	351	431
Actuarial loss on scheme assets	(601)	(47)
	<u>(250)</u>	<u>384</u>

History of experience adjustments:

	27 July 2013 £'000	28 July 2012 £'000	30 July 2011 £'000	31 July 2010 £'000	2 August 2009 £'000
Fair value of scheme assets	7,985	8,453	8,279	7,964	6,977
Scheme liabilities	(7,985)	(8,193)	(8,251)	(7,835)	(6,810)
Surplus in the scheme	-	260	28	129	167
Balance sheet asset	-	260	28	129	167
Experience gains / (losses) on scheme liabilities	27	428	11	(13)	(195)
Experience (losses) / gains on scheme assets	(601)	(47)	83	716	31

The estimated amount of contributions expected to be paid to the scheme during the period to 27 July 2013 is £nil.

2 SISTERS FOOD GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 July 2013

24. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 8 'Related Party Disclosures' and has not disclosed transactions or balances with other wholly owned subsidiaries.

The Company incurred rental and service charges of £2.0m (2012: £1.9m) from Amber Real Estate Investment Limited, a related party by virtue of common ownership. The Company also disposed of a surplus site to Amber Real Estate Investment Limited at a loss of £0.5m as part of a Group transaction which generated a total cash inflow of £3.0m for the Group together with expected annual Group cash cost savings of £0.7m. There were no balances outstanding at the period end (2012: £nil).

Hook 2 Sisters is a related party by virtue of the Group's 50% investment in the Company. The loan made to Hook 2 Sisters Limited of £1.3m remains outstanding at 27 July 2013. Total purchases by the Company from Hook 2 Sisters Limited during the period were £368.0m (2012: £330.6m). At the period end the total creditor outstanding was £29.6m (2012: £32.7m).

During the period the Company also traded with Storteboom Hamrol Sp. Z o.o, of which Boparan Holdings Limited indirectly owns 96%. 2 Sisters Food Group Limited have made purchases of £1.2m (2012: £6.1m). At the period end there was an outstanding creditor balance of £nil (2012: £0.1m).

The Company donated £79,000 (2012: £36,000) to the Boparan Charitable Trust, a related party by virtue of common ownership.

25. CONTINGENT LIABILITY

The Boparan Holdings Group has two main sources of finance. The Bond comprises £400m of Senior Notes due 2018 at an interest rate of 9.875% and £340m of Senior Notes due April 2018 at an interest rate of 9.750%. The Revolving Credit Facility (RCF) of £40m expires in April 2016. The Company and other Group subsidiary companies are cross guarantors of the Bond whereby they absolutely and unconditionally guarantee the principal and interest on the Senior loan notes. The same companies are cross guarantors in respect of the Boparan Holdings Group's £40m Revolving credit facility which is a facility of Boparan Holdings Limited. This facility was undrawn at the balance sheet date. The total bond value as at 27 July 2013 per the Boparan Holdings Group accounts was £676.7m net of fees (2012: £649.1m) however the individually guaranteed amount is not readily available. Group forecasts indicate that there will be no breach of financial covenants for a period of at least 12 months from the date of approval of these financial statements.

26. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company is a wholly owned subsidiary of Boparan Holdings Limited, a company registered in England and Wales. The parent company of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Boparan Holdings Limited. The parent company of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Boparan Holdco Limited, registered in England and Wales. As at 27 July 2013 Boparan Holdco Limited was also the Company's ultimate parent undertaking. Copies of the Group financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

RS Boparan and BK Boparan are the ultimate controlling parties.