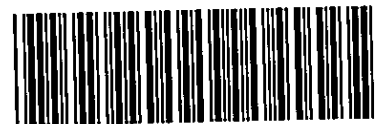


Registered No. 06157827

Hero UK Limited
Annual report
for the year ended 31 December 2011

WEDNESDAY



A119YRN4

A31

26/09/2012

#207

COMPANIES HOUSE

Hero UK Limited

Annual report for the year ended 31 December 2011

Contents

Directors and advisers for the year ended 31 December 2011	1
Directors' report for the year ended 31 December 2011	2
Independent auditor's report to the members of Hero UK Limited	7
Profit and loss account for the year ended 31 December 2011	9
Statement of total recognised gains and losses for the year ended 31 December 2011	10
Balance sheet as at 31 December 2011	11
Accounting policies	12
Notes to the financial statements for the year ended 31 December 2011	14

Hero UK Limited

Registered No. 06157827

Directors and advisers for the year ended 31 December 2011

Directors

A Lawson

J M Phillips

J Mitchell

Registered office

19 De Havilland Drive

Liverpool

L24 8RN

Independent Auditors

Ernst & Young LLP

100 Barbirolli Square

Manchester

M2 3EY

Solicitors

DLA Piper UK LLP

101 Barbirolli Square

Manchester

M2 3DL

Bankers

Barclays Bank

77 Albion Street

Leeds

LS1 5LD

Registered number

06157827

Hero UK Limited

Registered No. 06157827

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements. The company made a profit of £530,000 (2010 profit of £695,000)

The directors have paid a dividend of £nil in relation to the year ended 31 December 2011 (2010 £nil). The directors do not recommend the payment of a dividend.

Principal activity

The principal activity of the company in the year was the distribution of gluten free and low protein nutritional products. Please see the business review below and going concern statement on page 4 for details of the ongoing Juvela business.

The company's key financial and other performance indicators during the year were in line with expectations and are detailed below.

	2011	2010
	£'000	£'000
Turnover	19,207	19,749
Gross profit	5,176	4,983
Average number of employees	17	18

Business review and future developments

The business of Hero UK limited (Hero) is dependent upon the marketing and the distribution of Hero's Juvela branded products. The Juvela business model of marketing and supplying gluten free and low protein products on prescription for people with diagnosed coeliac disease or metabolic disorders has been in existence for over 20 years and follows a well established distribution route.

Juvela supplies gluten free and low protein products to pharmaceutical wholesalers in the UK and Republic of Ireland plus uses a retail marketing and distribution company to supply gluten free products to major retail outlets in Ireland.

Juvela obtain their major income from the wholesalers who in return receive their income from either pharmacists who are ordering the products in response to prescriptions they receive from coeliac or metabolic disorders patients or from retailers who are restocking shelves as a result of customer purchasing.

Directors' report for the year ended 31 December 2011 (continued)

The key growth area is still for gluten free products where the driver in the UK business is the number of new patients with coeliac disease (the disease can only be treated through a gluten free diet) obtaining gluten free products on prescription. The number of people with coeliac disease has continued to increase year on year and there is still a substantial degree of under diagnosis and General Practitioners are being encouraged to undertake diagnosis amongst targeted population groups.

Based on current trends of diagnosis it will be several years before the entire coeliac population has been identified.

As treatment is only by means of a gluten free diet the market for gluten free products will continue to grow. Diagnosed coeliac's are able to obtain basic gluten free products on prescription.

In recent years there has been an increase in gluten free products available for purchase in UK retail outlets (under free-from foods). Whilst this has benefitted coeliac patients in terms of choice and supplying more non basic products the core market for these retail products is for those people who think products which are labelled gluten free are 'healthy' and hence are they are chosen for lifestyle reasons.

However this has opened a more competitive market as some retail suppliers have looked to introduce products into the reimbursed prescription market.

The growth in the retail market *per se* should not limit the growth in the prescription market and aside from any localised guidelines growth should continue in both markets.

There has been some pressure in the gluten free prescription market to reduce individual prescription levels and costs in line with standard or local guidelines. This has had some impact during the year as Primary Care Trusts, as part of an overall programme of expenditure reduction on medical therapies, have been looking to ensure patients receive product types and quantities in line with national or local guidelines and for the condition for which they should be prescribed.

Coeliac patient groups and gluten free manufacturers' have been actively involved with primary care trusts to ensure that patient management of the condition has not been compromised by any guideline changes.

Juvela has a substantial position in the gluten free prescription market with >50% market share which has been achieved through a combination of marketing activities and product introductions.

Juvela consistently reviews its core UK marketing activities which are based on 3 key areas: protecting and expanding the Gluten free prescription market, acquiring newly diagnosed coeliac patients and increasing its presence in the metabolic market place. Greater use is now being made of digital communications and the business will continue to invest in developing this area.

During 2011 we continued to develop our online presence by expanding the range of products available and maximising the synergies that exist with our customer database. We also introduced some of our online products into the Irish retail market.

Hero UK Limited

Registered No. 06157827

Directors' report for the year ended 31 December 2011 (continued)

In the UK there exist strong regulatory guidelines regarding what gluten free and metabolic products are available on prescription and this determines our product development activities. In recent times our focus has been on fresh bread products, which has been an area of major growth, and improving the nutritional value of existing products. To assist our development activities we have entered into partnership with Manchester Metropolitan University.

In the Republic of Ireland, again there exists a level of under diagnosis of coeliac disease and we will continue to support activities to increase diagnostic levels. Retail in Ireland continues to present a major opportunity (coeliac patients obtain tax relief on gluten free purchases) for product introductions and we are targeting both introducing new products and widening the product portfolio within individual retail chains.

In addition to growing through supplying an increasing coeliac patient population, the business has needed to ensure a continual supply of quality products and to look at areas for product development. Contracts are in place with all our suppliers to ensure either exclusivity of supply or exclusivity of the recipe used. Relationships with our suppliers have been in place for several years and we work closely with them to maintain product quality. All our products have been reformulated, where appropriate, to ensure they meet the new Codex Alimentarius definition for gluten free introduced in January 2012.

In mid 2011 we changed our logistical service supplier for ambient products, this will reduce our distribution costs from September 2011 onwards.

The strategic direction of the business is consistently reviewed on a regular basis by management and it recognised a need to reduce its reliance on the existing portfolio of reimbursed gluten free products and we started to prime the market for the introduction of a gluten free cereal range and expand the marketing of our low protein products. We also recognised that healthcare professionals and primary care trusts were becoming increasingly involved in the decision making process and we have implemented plans to improve our communication with these key audiences.

Going Concern and Liquidity Risk

The company's business activities together with factors likely to affect its future development, performance and position are set out in the business review above on pages 2 to 4. The financial position of the company, its cash flows, liquidity and loan agreements are set out in the financial report. The company is expected to generate positive cash flow on its own account for the foreseeable future.

The financial statements detail the company's objectives to managing the principal risks to the business including exposure to price, credit, liquidity and cash flow. The company has in itself a considerable cash resource together with two distinctive customer groups both with potential for growth due to an increase in customer numbers and product development opportunities across a variety of distribution channels. As a consequence the directors believe the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has sufficient resources and adequate contracts in place to continue in operational existence for the foreseeable future. A contributing factor to the company's improved position as at 31 December 2011 compared to 31 December 2010 was the release of the company from the obligation to repay a loan from Hero AG, the company's parent undertaking, amounting to £11,427,000 and any interest, penalties or fees associated to it.

Hero UK Limited

Registered No. 06157827

Directors' report for the year ended 31 December 2011 (continued)

The products sold by the group have minimal environmental impact. The directors put environmental responsibilities high on the agenda and as a consequence formed an environmental task force whose main aim is to reduce the company's carbon footprint.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative and financial instrument risks.

- Competitive Risks

Juvela operates in the pharmaceutical market and its main ranges are only available on prescription. As a consequence the ability to trade is limited to those suppliers who meet strict regulatory requirements creating barriers to entry. Some retail gluten free suppliers have looked to introduce products into the reimbursed prescription market however growth should continue in both markets. Juvela is the leading provider of gluten free products on prescription in the UK with >50% of the market.

- Legislative Risks

Juvela products are subject to food standards legislation. The company must ensure that Juvela products meet the criteria for their gluten free nutritional status, similarly for the Low Protein range.

- Financial Instruments Risk

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rates of any material sales or payments in that foreign currency.

- Exposure to Price, Credit, Liquidity and Cash Flow Risk

The company has a risk of raw material price increases on its inputs.

There is no significant credit risk to the company as the majority of customers are large multinationals with significant credit ratings.

Cash flow risk is the risk of exposure to variability in cash flows. This is not deemed a risk for the company as the business experiences very little seasonality fluctuations and also has good working capital performance.

Directors and their interests

The directors who held office during the whole of the year ended 31 December 2011 are given below.

A Lawson

J M Phillips

J Mitchell

Hero UK Limited

Registered No. 06157827

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities

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 judgements and 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.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board

J Mitchell
Director



21 September 2012

Hero UK Limited

Registered No. 06157827

Independent auditor's report to the members of Hero UK Limited

We have audited the financial statements of Hero UK Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 20. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 31 December 2011 and of the company's profit for the year 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.

Hero UK Limited

Registered No. 06157827

Independent auditor's report to the members of Hero UK Limited (continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Ernst + Young LLP

A Harrison (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

24 September 2012

Hero UK Limited

Registered No. 06157827

Profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	1	19,207	19,749
Cost of sales		(14,031)	(14,766)
Gross profit		5,176	4,983
Distribution costs		(2,163)	(2,137)
Administrative costs		(2,396)	(2,125)
Profit on ordinary activities before interest and taxation		617	721
Other finance income/(charge)	14	41	(9)
Interest payable and similar charges	2	-	(350)
Profit on ordinary activities before taxation	3	658	362
Tax on profit on ordinary activities	6	(128)	333
Profit for the financial year		530	695

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalent

All amounts relate to continuing operations

Hero UK Limited

Registered No. 06157827

Statement of total recognised gains and losses for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Profit for the financial year		530	695
Actuarial (loss)/gain recognised in the pension scheme	14	(269)	44
Deferred tax related to actuarial (loss)/gain on pension liability	11	-	(12)
Total recognised profit for the year	17	261	727

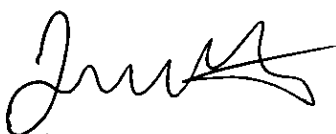
Hero UK Limited

Registered No. 06157827

Balance sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	7	-	-
Tangible assets	8	117	151
Investments	9	15,086	15,086
		15,203	15,237
Current assets			
Stocks	10	620	689
Debtors	11	4,373	4,029
Cash at bank and in hand		1,361	828
		6,354	5,546
Creditors: amounts falling due within one year	12	(3,952)	(14,866)
Net current assets/(liabilities)		2,402	(9,320)
Total assets less current liabilities		17,605	5,917
Creditors: amounts falling due after more than one year	13	(15,086)	(15,086)
Net assets/(liabilities) excluding pension liability		2,519	(9,169)
Pension liability	14	-	-
Net assets/(liabilities) including pension liability		2,519	(9,169)
Capital and reserves			
Called up share capital	15	-	-
Capital contribution	16	11,427	-
Profit and loss account	16	(8,908)	(9,169)
Shareholders' funds	17	2,519	(9,169)

The financial statements on pages 9 to 26 were approved and authorised for issue by the Board and were signed on its behalf by

J Mitchell**Director****Date:**


21/9/2012

Hero UK Limited

Registered No. 06157827

Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006. A summary of the significant accounting policies, which have been applied consistently, is set out below.

Basis of accounting

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

Basis of consolidation

These financial statements present information about the company as an individual undertaking and not about its group.

Group financial statements have not been prepared as permitted by Sections 400 / 401 of the Companies Act 2006, which exempt companies wholly owned by another from the obligation to prepare group financial statements. In applying this exemption the company is relying upon the published financial statements of its ultimate parent company, Hero AG, which is incorporated in Switzerland.

Statement of cash flows

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes group financial statements.

Goodwill and intangible assets

The carrying value of all goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of goodwill is charged to the profit and loss account.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

	Basis	Years
Computers	Straight line	3 - 5
Plant and machinery	Straight line	5 - 10

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of fixed assets below depreciated historical cost is charged to the profit and loss account.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises the price of the goods purchased. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Exchange differences are charged/(credited) to the profit and loss account as incurred or using forward contract rates where applicable.

Hero UK Limited

Registered No. 06157827

Accounting policies (continued)

Turnover

Turnover which excludes value added tax and sales between group companies represents the invoiced value of goods supplied after the deduction of trade discounts. Revenue is recognised upon despatch of goods sold.

Turnover is generated on the distribution of gluten free and low protein nutritional products.

Taxation

The charge for taxation is based on the result for the year. In accordance with FRS 19, deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is recognised in respect of tax losses to the extent that they are regarded as recoverable on the basis that it is 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 assets and liabilities recognised have not been discounted.

Finance and operating leases

Income and costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements, which transfer to the group substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Pension scheme arrangements

The group operates both defined benefit and defined contribution pension schemes. The defined benefit scheme funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

The assets of the scheme are held separately from those of the company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Hero UK Limited

Registered No. 06157827

Notes to the financial statements for the year ended 31 December 2011

1 Turnover and segmental reporting

The turnover of Hero UK Limited represents amounts invoiced in respect of oral nutrition products sold during the period, gluten free plus a low protein range, excluding value added tax

An analysis of gross turnover and trade discounts is as follows	2011	2010
	£'000	£'000
Gross turnover	23,141	23,877
Trade discounts	(3,934)	(4,128)
Net turnover	19,207	19,749

Net turnover is analysed by geographical area as follows

	2011	2010
	£'000	£'000
UK	17,046	17,627
Ireland	2,161	2,122
Net turnover	19,207	19,749

2 Interest payable and similar charges

	2011	2010
	£'000	£'000
On loans from group undertakings	-	350

3 Profit on ordinary activities

	2011	2010
	£'000	£'000
Profit on ordinary activities is stated after charging/(crediting)		
Operating lease charges - other assets	193	194
- motor vehicles	31	32
Rental income (a)	(135)	(135)
Auditors' remuneration and expenses		
Audit fee for period	30	30
Depreciation		
- of owned assets	34	154

(a) Rental income relates to rent receivable on a sub let property The rent payable has been included with operating lease charges-other assets Both amounts are included within administrative costs

Hero UK Limited

Registered No. 06157827

Notes to the financial statements for the year ended 31 December 2011 (continued)

4 Directors' emoluments

	2011	2010
	£'000	£'000
Directors' emoluments	228	136
Pension contributions	23	17
	251	153

The aggregate of emoluments paid to the highest paid director was £141,962 (2010 £135,962), and Company pension contributions of £17,250 (2010 £16,500) were made to a defined contribution scheme

Retirement benefits are accruing to two directors under defined contribution schemes and nil under defined benefit schemes

A Lawson's remuneration is paid by Hero AG, his remuneration is disclosed in the financial statements of Hero AG

5 Employee information

The average monthly number of persons (including directors) employed by the company during the year, analysed by activity, was as follows

	2011	2010
	Number	Number
Administration	17	18
	17	18

The staff costs for the above persons are as follows

	2011	2010
	£'000	£'000
Wages and salaries	750	681
Social security costs	77	78
Pension costs	47	46
	874	805

**Notes to the financial statements for the year ended 31 December 2011
(continued)**

6 Taxation

	2011 £'000	2010 £'000
Current tax		
Current year tax	-	-
Prior year tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(128)	333
Tax on profit on ordinary activities	(128)	333

The tax assessed for the year is lower than the standard rate applying in the UK (26.49%). The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	658	362
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.49% (2010: 28%)	174	101
Effects of		
Expenses not deductible for tax purposes	2	2
Capital allowances in excess of depreciation	9	11
Utilisation of brought forward losses	(133)	(114)
Movement through the STRGL	(52)	-
	-	-

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 26% to 25% was substantively enacted in July 2011 and will be effective from 1 April 2012. Accordingly this rate has been applied in the measurement of the company's deferred tax assets and liabilities as at 31 December 2011.

In the Budget of 21 March 2012 the Chancellor of the Exchequer announced further rate changes to reduce the main corporation tax rate to 24% from April 2012 and a further phased reduction in the corporation tax rate by 1% per annum to 22% on 1 April 2014. The effect of the proposed changes to the UK tax system will be reflected in the financial statements of the company in future years as appropriate once the proposals have been substantively enacted.

Hero UK Limited

Registered No. 06157827

Notes to the financial statements for the year ended 31 December 2011 (continued)

7 Intangible fixed assets

	Goodwill on Acquisition £'000	License £'000	Total £'000
Cost			
As at 31 December 2011 and 31 December 2010	2,134	1,165	3,299
Amortisation			
As at 31 December 2011 and 31 December 2010	2,134	1,165	3,299
Net book value			
As at 31 December 2011 and 31 December 2010	-	-	-

Goodwill on acquisition arose on the acquisition of assets and liabilities of Supercook UK LLP on 22 March 2007. This acquisition has been accounted for under acquisition accounting.

In accordance with FRS 10 'Goodwill and intangible assets', as the contract to supply Supercook UK LLP is loss making, goodwill on acquisition has been written off immediately in the period it arises. Consequently, £2,134,000 has been debited to the profit and loss account in the year of acquisition.

A license to distribute and supply gluten free nutritional products was acquired 11 May 2007. The fair value of this license agreement was £1,165,000 and was fully amortised as at 31 Dec 2008.

8 Tangible fixed assets

	Plant and machinery £'000	Computers £'000	Total £'000
Cost			
At 1 January 2011 and at 31 December 2011	140	567	707
Depreciation			
At 1 January 2011	42	514	556
Charge for the year	14	20	34
At 31 December 2011	56	534	590
Net book value			
At 31 December 2011	84	33	117
At 31 December 2010	98	53	151

Hero UK Limited

Registered No. 06157827

Notes to the financial statements for the year ended 31 December 2011 (continued)

9 Investments

	Shares in group undertakings £'000
Cost	
As at 31 December 2011 and 31 December 2010	15,086
Amounts written off investments	
As at 31 December 2011 and 31 December 2010	-
Net book value	
As at 31 December 2011 and 31 December 2010	15,086

The company owns 100% of the issued share capital of Brandway Group Limited which is a non-trading company registered in England and Wales

In the opinion of the directors this investment is worth at least the amount at which it is included in the financial statements

10 Stocks

	2011 £'000	2010 £'000
Finished goods and goods for resale	620	689
	620	689

Hero UK Limited

Registered No. 06157827

11 Debtors

	2011	2010
	£'000	£'000
Trade debtors	3,565	3,110
Amounts owed by group undertakings	305	250
Other debtors	64	85
Prepayments	111	128
Deferred tax asset	328	456
	4,373	4,029

The movement in the deferred tax asset in the year is as follows

	Total
	£'000
At a January 2011	456
Profit and loss account debit (note 6)	(128)
Relating to pension scheme liability recognised in the Statement of Total Recognised Losses	-
At 31 December 2011	328

The deferred tax asset consists of the following components

	2011
	£'000
Excess of tax allowances over depreciation on fixed assets	103
Other short term timing differences	2
Relating to pension scheme liability (note 14)	-
Losses	223
	328

**Notes to the financial statements for the year ended 31 December 2011
(continued)**

12 Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Trade creditors	401	522
Amounts owed to group undertakings (note 19)	2,484	11,985
Other taxes and social security	34	31
Other creditors	6	12
Accruals and deferred income	1,027	2,316
	3,952	14,866

13 Creditors: amounts falling due after more than one year

	2011	2010
	£'000	£'000
Amounts owed to subsidiary undertakings	15,086	15,086
	15,086	15,086

14 Pension obligations

The group operates one defined benefit and one defined contribution scheme. The assets of the schemes are held separately from those of the group and the defined benefit scheme is a funded scheme.

Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. The total pension cost for the group was £254,719. Contributions amounting to £5,792 (2010 £12,075) were payable to the funds at the year-end and are included in creditors.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation as at 1 August 2009. It has been updated by R&W Scott Limited to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2011 and 31 December 2010.

Scheme assets are stated at their market value at the respective balance sheet dates.

Following the Government announcement that statutory inflation linking will in future be based on the CPI index, rather than RPI, the CPI measure has been used for future deferred pension revaluation and, for any increases to pensions in payment that have statutory inflation linked increases, as the basis for determining the assumed rates of pension increase shown in the table below.

Hero UK Limited

Registered No. 06157827

Notes to the financial statements for the year ended 31 December 2011 (continued)

14 Pension obligations (continued)

The principal actuarial assumptions at the Balance Sheet date are as follows

	2011	2010
Rate of increase to deferred pensions CPI (2010 RPI)	2.2%	3.7%
Pension increases (Limited Price Indexation) CPI max 5% (2010 RPI)	2.1%	3.7%
Discount rate	4.9%	5.6%
Inflation CPI (2010 RPI)	2.2%	3.7%
Life expectancy of current pensioners - Male	21.0	20.9
Life expectancy of current pensioners - Female	24.3	24.2
Life expectancy of future pensioners - Male	22.9	22.8
Life expectancy of future pensioners - Female	26.3	26.2

The assets in the schemes and the expected rates of return at 31 December 2011 and 31 December 2010 which have been determined by the directors having taken advice from qualified independent actuaries, were

	2011		2010	
	Expected rate of return %	Market value £'000	Expected rate of return %	Market value £'000
Equities	6.0	2,338	7.2	2,349
Bonds	3.0	219	4.2	176
Other	0.5	328	0.5	359
Total market value of assets		2,885		2,884

Hero UK Limited

Registered No. 06157827

Notes to the financial statements for the year ended 31 December 2011 (continued)

14 Pension obligations (continued)

The following amounts at 31 December 2011 were measured in accordance with the requirements of FRS 17

	2011 £'000	2010 £'000
Total market value of assets	2,885	2,884
Present value of the schemes liabilities	(2,424)	(2,495)
Surplus in the scheme	461	389

Having taken advice from qualified independent actuaries, in accordance with paragraph 41 of FRS17 the net pension asset is restricted to the value of the scheme's future pension cost. As the scheme is 'paid up' the net pension asset therefore becomes

Surplus in the scheme	-	-
Related deferred tax asset (see note 11)	-	-
Net pension asset	-	-

Amount charged to operating profit for the period ended 31 December 2011 under FRS17

	2011 £'000	2010 £'000
Current service cost	-	-
Total operating charge	-	-

Amount credited to other finance income for the period ended 31 December 2011 under FRS17

	2011 £'000	2010 £'000
Expected return on pension scheme assets	181	152
Interest on pension scheme liabilities	(140)	(161)
Total other finance expense	41	(9)

Hero UK Limited

Registered No. 06157827

Notes to the financial statements for the year ended 31 December 2011 (continued)

14 Pension obligations (continued)

Amount recognised in the statement of total recognised gains and losses in the period ended 31 December 2011 under FRS17

	2011 £'000	2010 £'000
Actual return less expected return on pension scheme assets	(318)	127
Experience losses arising on scheme liabilities	(20)	(41)
Changes in assumptions underlying the present value of the scheme	69	(42)
Actuarial (loss)/gain recognised in STRGL	(269)	44

Changes in the present value of the defined benefit obligations are analysed as follows:

	2011 £'000	2010 £'000
At 1 January	(2,495)	(2,829)
Current service cost	-	-
Interest on obligation	(140)	(161)
Benefits paid	90	189
Actuarial gain	121	306
At 31 December	(2,424)	(2,495)

Fair value of the plan assets are analysed as follows:

	2011 £'000	2010 £'000
At 1 January	2,884	2,584
Expected return on assets	181	152
Actuarial (loss)/gain	(318)	127
Contributions	228	210
Benefits paid	(90)	(189)
At 31 December	2,885	2,884

Hero UK Limited

Registered No. 06157827

Notes to the financial statements for the year ended 31 December 2011 (continued)

14 Pension obligations (continued)

History of experience gains and losses

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(2,424)	(2,495)	(2,829)	(2,346)	(2,538)
Fair value of plan assets	2,885	2,884	2,584	2,003	2,525
Deficit in the scheme	-	-	(245)	(343)	(13)
Experience adjustments arising on plan liabilities	(20)	(41)	(56)	(22)	28
Experience adjustments arising on plan assets	(318)	127	295	(787)	(71)

15 Called up share capital

	2011	2010
	£	£
Authorised		
1 ordinary shares of £1	1	1
Allotted, called up and fully paid up		
1 ordinary shares of £1	1	1

Hero UK Limited

Registered No. 06157827

Notes to the financial statements for the year ended 31 December 2011 (continued)

16 Movements in reserves

	Capital contribution £'000	Profit and loss account £'000
At 1 January 2011	-	(9,169)
Profit for the financial year	-	530
Release of intercompany loan	11,427	-
Actuarial loss recognised in the pension scheme	-	(269)
Deferred tax related to actuarial gain on pension liability	-	-
At 31 December 2011	11,427	(8,908)

The capital contribution during the year arises from the release of Hero UK Limited from any and all obligations it had to repay a loan from Hero AG, or to pay Hero AG any interest, penalties or fees on the indebtedness

17 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Total recognised gains and losses	261	727
Release of intercompany loan	11,427	-
Net increase in shareholders' funds	11,688	727
Opening shareholders' funds	(9,169)	(9,896)
Closing shareholders' funds	2,519	(9,169)

Hero UK Limited

Registered No. 06157827

Notes to the financial statements for the year ended 31 December 2011 (continued)

18 Operating lease commitments

At 31 December 2011 the group and company had annual commitments in respect of non-cancellable operating leases as follows

	2011		2010	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	35	4	-	7
In the two to five years	135	18	191	18
	170	22	191	25

19 Related party disclosures

The company has taken advantage of the exemption in FRS 8 not to disclose transactions with entities that are part of the group by virtue of its status as a wholly-owned subsidiary which is included in the group financial statements

20 Ultimate parent company

The Company's immediate parent undertaking is Hero Beteiligungen AG, a company incorporated in Switzerland. The Company's ultimate parent undertaking is AOH Nahrungsmittel GmbH & Co KG, which is incorporated in Germany.

The largest group in which the results of the Company are consolidated is that headed by AOH Nahrungsmittel GmbH & Co KG. Copies of its annual financial statements may be obtained from AOH Nahrungsmittel GmbH & Co KG, Lubecker Str 49-55, Bad Schwartau, Schleswig-Holstein, Germany 23611.

The smallest group in which the results of the Company are consolidated is that headed by Hero Beteiligungen AG. Copies of its annual financial statements may be obtained from Hero Beteiligungen AG, c/o Hero, Niederlenzer Kirchweg 6, Lenzburg, Aargau, Switzerland 5600.