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A H Foods Limited

Report and Financial Statements

30 September 2010

29 JUN 2011

Directors
M A Moreland
P J Burnett
J McGurk

Secretary
B D McAuley

Auditors
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Directors' report

The directors present their report and financial statements for the year ended 30 September 2010

Results and dividends

The profit for the year, after taxation, amounted to £338,278 (2009 – loss of £133,778) During the year the company paid an interim dividend of £750,000 (2009 – £150,000) The directors do not recommend the payment of a final dividend (2009 – £nil)

Principal activities

The principal activity of the company during the year was the milling of flour

Business review

The directors have determined that the following financial key performance indicator (KPI), is the most effective measures of progress towards achieving the company's objectives

	2010	*2009*
	£	*£*
Operating profit	553,924	188,311

Sales volumes were up significantly on last year while existing margins were maintained

Principal risks and uncertainties

The company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives The key risks which management face are detailed as follows

Business performance risk

Business performance risk is the risk that the company may not perform as expected either due to internal factors or due to competitive pressures in the markets in which it operates This risk is managed through a number of measures authorisation of forward purchases of raw material requirement, ensuring the appropriate management team is in place, budget and business planning, monthly reporting and variance analysis, financial controls, key performance indicators, and regular forecasting

Business continuity risk

Although the company operates out of one production facility the company takes all relevant steps which help it to minimise the business continuity risk The company ensures that there is sufficient IT support available should an unforeseen event occur Management are continually implementing and reviewing business continuity and IT disaster recovery plans to ensure any increase in risk arising from future activities is managed

Health and safety risk

The company is committed to ensuring a safe working environment These risks are managed by the company through the strong promotion of a health and safety culture and well defined health and safety policies

Directors' report

Prıncıpal risks and uncertaıntıes (contınued)

Management development

Senıor management ıs commıtted to ensurıng the long term growth of the busıness and aıms to achıeve thıs by ensurıng ıt retaıns and attracts hıgh qualıty personnel

Fınancıal and busıness control

Strong financıal and busıness controls are necessary to ensure the ıntegrıty and relıabılıty of financıal and other ınformatıon on whıch the company relıes for day-to-day operatıons, external reportıng and for longer term plannıng The company exercıses financıal and busıness control through a combınatıon of qualıfied and experıenced financıal personnel, performance analysıs, budgetıng and cash flow forecastıng, and clearly defined approval lımıts

Socıal, ethıcal and envıronmental rısk

Due to the company's nature and sıze no sıgnıficant socıal, ethıcal or envıronmental rısks have been ıdentıfied by management

Fınancıal rısk management polıcy

The company's prıncıpal financıal ınstruments comprıse cash, trade debtors and credıtors, group ındebtedness and certaın other debtors and accruals The maın rısks assocıated wıth these financıal assets and lıabılıtıes are set out below

Foreıgn currency rısk

The company's exposure to foreıgn currency rısk comprıses both revenues receıved from customers and expendıture to supplıers, both revenues and expendıtures can be denomınated ın Euro whıle a US Dollar exposure exısts ın respect of supplıer expendıture The company has a polıcy of matchıng Euro amounts and ın the event of any materıal unmatched Euro exposure and ın the case of US Dollar exposure, the company manages the rısk by consıderıng enterıng ınto a foreıgn currency contract

Credıt rısk

Credıt rısk arıses prıncıpally on 3rd party derıved revenues Company polıcy ıs aımed at mınımısıng such rısk through the applıcatıon of satısfactory credıtworthıness procedures and monıtorıng the levels of credıt to ındıvıdual customers wıthın theır approved credıt lımıts, so as to ensure the company's exposure to bad debts ıs mınımısed

Lıquıdıty rısk

The company's lıquıdıty rısk ıs managed by the group's senıor finance management through daıly assessment of requıred cash levels and resultant utılısatıon of varıous avaılable bank facılıtıes The dırectors belıeve that the bank facılıtıes ın place are more than adequate for the future needs of the company and that the company ıs well placed to manage ıts busıness rısks successfully despıte the current uncertaın economıc outlook The dırectors have a reasonable expectatıon that the company has adequate resources to contınue ın operatıonal exıstence for the foreseeable future Therefore the dırectors contınue to adopt the goıng concern basıs of accountıng ın preparıng the annual financıal statements

Dırectors

The dırectors who served the company durıng the year were as follows

M A Moreland
P J Burnett
J McGurk

Directors' report

Disclosure of information to the 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, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

Secretary

Date

30 March 2011

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 judgments 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

Independent auditors' report

to the members of A H Foods Limited

We have audited the financial statements of AH Foods Limited for the year ended 30 September 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 19 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, 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 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 (APB'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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its 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

Independent auditors' report

to the members of A H Foods Limited

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

Ernst & Young LLP

Graham Galbraith (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Belfast
Date

30 March 2011

Profit and loss account

for the year ended 30 September 2010

	Notes	2010 £	2009 £
Turnover	2	16,083,864	15,776,585
Cost of sales		(14,751,758)	(14,787,780)
Gross profit		1,332,106	988,805
Distribution costs		(289,259)	(264,665)
Administrative expenses		(488,923)	(535,829)
Operating profit	3	553,924	188,311
Interest payable and similar charges	6	(64,739)	(102,740)
Other finance costs	16	(23,000)	(258,000)
Profit/(loss) on ordinary activities before taxation		466,185	(172,429)
Taxation (charge)/credit	7	(127,907)	38,651
Profit/loss) for the financial year	15	338,278	(133,778)

Statement of total recognised gains and losses

for the year ended 30 September 2010

	Note	2010 £	2009 £
Profit/(loss) for the financial year		338,278	(133,778)
Net actuarial (losses)/gains recognised in respect of pension scheme	16	(2,250,000)	3,145,000
Deferred tax gain/(charge) arising on net actuarial (losses)/gains		601,900	(880,600)
Total recognised gains and losses relating to the year		(1,309,822)	2,130,622

Balance sheet
at 30 September 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	8	1,249,520	1,402,850
Current assets			
Stocks	9	1,663,670	1,625,600
Debtors	10	6,879,805	6,752,237
Cash at bank		1,028,549	1,034,578
		9,572,024	9,412,415
Creditors: amounts falling due within one year	11	(5,203,724)	(4,353,271)
Net current assets		4,368,300	5,059,144
Total assets less current liabilities		5,617,820	6,461,994
Creditors: amounts falling due after more than one year	12	(475,590)	(686,191)
Provisions for liabilities			
Deferred taxation	7	(111,488)	(79,299)
Net assets excluding pension liability		5,030,742	5,696,504
Pension liability	16	(1,797,260)	(403,200)
Net assets including pension liability		3,233,482	5,293,304
Capital and reserves			
Called up share capital	14	1,026,750	1,026,750
Profit and loss account	15	2,206,732	4,266,554
Shareholders' funds	15	3,233,482	5,293,304

The financial statements were approved and authorised for issue by the board and authorised for issue on 30 March 2011 and were signed on its behalf by

Director

JIM McGURK

Notes to the financial statements

at 30 September 2010

1. Accounting polıcıes

Basıs of preparatıon

The financıal statements are prepared under the hıstorıcal cost conventıon, and ın accordance wıth applıcable accountıng standards

Statement of cash flows

The dırectors have taken advantage of the exemptıon ın Fınancıal Reportıng Standard No 1 (revısed) from ıncludıng a cash flow statement ın the financıal statements on the grounds that the company ıs wholly owned and ıts parent publıshes consolıdated financıal statements

Tangıble fıxed assets

Deprecıatıon ıs provıded on all tangıble fixed assets, other than freehold land, at rates calculated to wrıte off the cost based on prıces prevaılıng at the date of acquısıtıon of each asset evenly over ıts expected useful lıfe, as follows

Plant and equıpment	–	5-10 years
Motor vehıcles	–	5-10 years

The carryıng values of tangıble fixed assets are revıewed for ımpaırment when events or changes ın cırcumstances ındıcate the carryıng value may not be recoverable

Stocks

Stocks are valued at the lower of cost on a first ın first out basıs and net realısable value, after makıng due allowance for any obsolete or slow movıng ıtems Cost ıncludes all dırect costs and an appropriate proportıon of fixed and varıable overheads

Deferred taxatıon

Deferred taxatıon ıs recognısed ın respect of all tımıng dıfferences that have orıgınated but not reversed at the balance sheet date where transactıons or events have occurred at that date that wıll result ın an oblıgatıon to pay more, or rıght to pay less or to receıve more, tax, wıth the followıng exceptıon

- provısıon ıs made for tax on gaıns arısıng from the revaluatıon (and sımılar faır value adjustments) of fixed assets, and gaıns on dısposal of fixed assets that have been rolled over ınto replacement assets, only to the extent that, at the balance sheet date, there ıs a bındıng agreement to dıspose of the assets concerned However, no provısıon ıs made where, on the basıs of all avaılable evıdence at the balance sheet date, ıt ıs more lıkely than not that the taxable gaın wıll be rolled over ınto replacement assets and charged to tax only where the replacement assets are sold,
- Deferred tax assets are recognısed only to the extent that the dırectors consıder that ıt ıs more lıkely than not that there wıll be suıtable taxable profits from whıch the future reversal of the underlyıng tımıng dıfferences can be deducted

Deferred tax ıs measured on an undıscounted basıs at the tax rates that are expected to apply ın the perıods ın whıch tımıng dıfferences reverse, based on tax rates and laws enacted or substantıvely enacted at the balance sheet date

Revenue recognıtıon

Revenue ıs recognısed to the extent that the company obtaıns the rıght to consıderatıon ın exchange for ıts performance Revenue ıs measured at the faır value of the consıderatıon receıved, excludıng dıscounts, rebates, VAT and other sales taxes or duty Revenue from the sale of goods ıs recognısed when the sıgnıficant rısks and rewards of ownershıp of the goods have passed to the buyer, usually on dıspatch of the goods

Notes to the financial statements

at 30 September 2010

1 Accounting policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rate of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction Exchange gains and losses are recognised in the profit and loss account

Leasing and hire purchase agreements

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Operating lease rentals

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

Pensions

The company operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund The scheme is closed to new members and the future accrual of benefits

The cost of providing benefits under the defined benefit plan is determined separately using the projected unit method, which attributes entitlement to benefits prior periods to determine the present value of defined benefit obligations and is based on actuarial advice When a settlement or a curtailment occurs the charge in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year The difference between the expected return on plan assets and the interest costs is recognised in the income statement as other finance income or expense

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur

The defined benefit pension asset or liability in the balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less the fair-value of plan assets out of which the obligations are to be settled directly Fair value is based on market price information and in the case of quoted securities is the published bid price The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme

The company also operated a defined contribution schemes, with contributions recognised in the profit and loss account in the period in which they become payable

Notes to the financial statements

at 30 September 2010

2. Turnover

An analysis of turnover between different classes of business and the geographical analysis have been omitted because, in the opinion of the directors, the disclosure of such information would be seriously prejudicial to the interests of the company

3. Operating Profit

This is stated after charging/(crediting)

	2010 £	2009 £
Auditors' remuneration – audit services	9,900	9,350
Depreciation of owned fixed assets	206,622	159,805
Depreciation of assets held under finance leases	5,425	40,297
Management charges from parent undertaking	250,000	280,000
Profit on disposal of fixed assets	(2,500)	-
Operating lease rentals – plant and machinery	27,033	26,424
– land and buildings	100,000	200,000

4. Directors' emoluments

	2010 £	2009 £
Emoluments	50,985	46,480
Company contributions to money purchase schemes	2,071	2,050

	2010 No	2009 No
Number of directors accruing benefits under money purchase pension schemes	1	1

5. Staff costs

	2010 £	2009 £
Wages and salaries	1,217,703	1,085,662
Social security costs	135,883	118,794
Other pension costs (note 16)	43,013	40,405
	1,396,599	1,244,861

Notes to the financial statements

at 30 September 2010

5 Staff costs (continued)

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

	2010	2009
	No	No
Operations	29	29
Administration	5	5
	34	34

6. Interest payable and similar charges

	2010	2009
	£	£
Bank interest payable	61,911	98,948
Finance charges payable under finance lease	2,828	3,792
	64,739	102,740

7. Tax

(a) Tax on profit/(loss) on ordinary activities

	2010	2009
	£	£
Current tax		
Corporation tax	1,607	(44,935)
Adjustments in respect of previous periods	151	-
Total current tax (note 7(b))	1,758	(44,935)
Deferred tax		
Origination and reversal of timing differences	129,166	7,233
Adjustments in respect of previous periods	(3,017)	(949)
Total deferred tax	126,149	6,284
Tax charge on profit/(loss) on ordinary activities	127,907	(38,651)

Notes to the financial statements

at 30 September 2010

7. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are explained below

	2010	2009
	£	£
Profit/(loss) on ordinary activities before taxation	466,185	(172,429)
Profit/(loss) on ordinary activities multiplied by standard UK rate of tax	130,532	(48,280)
Effects of		
Disallowed expenses and non-taxable income	5,025	4,210
Accelerated capital allowances	(6,343)	(26,273)
Short term timing differences	297	–
Losses brought forward now utilised	(30,464)	–
Losses surrendered at lower rate	–	6,368
Pensions timing difference	(97,440)	19,040
Adjustments in respect of previous periods	151	-
Total current tax charge/(credit) for the year	1,758	(44,935)

(c) Tax included in the statement of total recognised gains and losses

In addition to the tax charge in the profit and loss account, £601,900 of deferred tax has been credited (2009 –charge of £880,600) in the statement of total recognised gains and losses in respect of net actuarial gains and losses recognised on pension schemes

(d) Deferred tax

The deferred tax included in the balance sheet is as follows

	2010	2009
	£	£
Deferred tax liability included in provisions for liabilities and charges	(111,488)	(79,299)
Deferred tax asset included in defined benefit pension benefit liability (note 16)	664,740	156,800
	553,252	77,501
Capital allowances in advance of depreciation	(117,013)	(115,004)
Other timing differences	1,305	865
Losses	4,220	34,840
Pension costs	664,740	156,800
	553,252	77,501

[illegible]

Notes to the financial statements

at 30 September 2010

7. Taxation on ordinary activities (continued)

(d) Deferred tax (continued)

	£
At 1 October 2009 including deferred tax on defined benefit pension liability	77,501
Deferred tax charge in profit and loss account (note 7(a))	(126,149)
Amount credited to statement of total recognised gains and losses	601,900
At 30 September 2010 including deferred tax on defined benefit pension liability	553,252

8. Tangible fixed assets

	Plant and machinery	*Motor vehicles*	*Furniture, fittings and equipment*	*Total*
	£	£	£	£
Cost				
At 1 October 2009	3,790,751	251,823	25,648	4,068,222
Additions	40,611	7,900	10,204	58,715
Disposals	(32,000)	-	(9,221)	(41,221)
At 30 September 2010	3,799,362	259,723	26,631	4,085,716
Depreciation				
At 1 October 2009	2,465,908	183,501	15,963	2,665,372
Charge for the year	197,060	11,020	3,967	212,045
Disposals	(32,000)	-	(9,221)	(41,221)
At 30 September 2010	2,630,968	194,521	10,709	2,836,196
Net book value				
At 30 September 2010	1,168,394	65,202	15,922	1,249,520
At 1 October 2009	1,324,843	68,322	9,685	1,402,850

The net book value of assets held under finance leases included above are as follows

	2010	*2009*
	£	£
Plant and machinery	-	178,685
Motor vehicles	45,660	51,085

Notes to the financial statements

at 30 September 2010

9. Stocks

	2010	2009
	£	£
Raw materials	1,530,190	1,494,400
Finished goods	133,480	131,200
	1,663,670	1,625,600

10. Debtors

	2010	2009
	£	£
Trade debtors	3,247,619	2,908,858
Amounts owed by group undertakings	2,519,483	2,553,237
Amounts owed by group joint venture undertakings	-	44,935
Other debtors	780,782	793,263
Prepayments and accrued income	331,921	451,944
	6,879,805	6,752,237

11. Creditors: amounts falling due within one year

	2010	2009
	£	£
Bank loan	200,000	200,000
Bank overdraft	3,492,103	2,824,435
Obligations under finance leases (note 13)	10,601	15,971
Trade creditors	1,044,578	1,089,546
Social security and other taxes	58,652	47,354
Other creditors	80,838	77,801
Accruals and deferred income	316,952	98,164
	5,203,724	4,353,271

The bank loan and overdraft facility is secured by way of a fixed and floating charge over the assets and undertakings of the company

12. Creditors: amounts falling due after more than one year

	2010	2009
	£	£
Bank loan	450,000	650,000
Obligations under finance leases (note 13)	25,590	36,191
	475,590	686,191

Notes to the financial statements

at 30 September 2010

13. Obligations under finance leases

Obligations under finance leases are repayable as follows

	2010	*2009*
	£	*£*
Within one year	10,601	15,971
In two to five years	25,590	36,191
	36,191	52,162

14. Issued share capital

		2010		*2009*
Allotted, called up and fully paid	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	1,026,750	1,026,750	1,026,750	1,026,750

15. Reconciliation of shareholders' funds and movements on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*
At 1 October 2008	1,026,750	2,285,932	3,312,682
Loss for the year	–	(133,778)	(133,778)
Dividends	–	(150,000)	(150,000)
Net actuarial gains recognised in respect of pension scheme	–	3,145,000	3,145,000
Deferred tax arising on net actuarial gains	–	(880,600)	(880,600)
At 1 October 2009	1,026,750	4,266,554	5,293,304
Profit for the year	-	338,278	338,278
Dividends	-	(750,000)	(750,000)
Net actuarial losses recognised in respect of pension scheme	-	(2,250,000)	(2,250,000)
Deferred tax arising on net actuarial losses	-	601,900	601,900
At 30 September 2010	1,026,750	2,206,732	3,233,482

[illegible]

Notes to the financial statements

at 30 September 2010

16 Pensıons

The company operates a defined benefit pensıon scheme, whıch requıres contrıbutıons to be made to a separately admınıstered fund The scheme ıs closed to new members and the future accrual of benefits The company also operates a defined contrıbutıon pensıon scheme The company's total pensıon cost ıncluded wıthın operatıng profit was £43,013 (2009 – £40,405), beıng £nıl (2009 – £nıl) ın respect of ıts defined benefit pensıon scheme and £43,013 (2009 – £40,405) ın respect of ıts defined contrıbutıon pensıon arrangements

The calculatıon of the present value of the defined benefit pensıon oblıgatıon arısıng under the full actuarıal valuatıon of the scheme performed as at 1 June 2009 has been rolled forward to 30 September 2010 usıng the FRS 17 assumptıons set out below Scheme assets are stated at theır market values at the respectıve balance sheet dates and overall expected rates of return have been derıved as the weıghted average of the expected returns on the categorıes of scheme assets

The assets and lıabılıtıes of the scheme are as follows

		2010		*2009*
	Expected return	*£*	*Expected return*	*£*
Assets				
Bonds	5 00%	15,648,000	5 5%	17,475,000
Equıtıes and property	6 25%	16,345,000	6 7%	15,381,000
Cash	0 50%	812,000	0 5%	332,000
Total value of assets		32,805,000		33,188,000
Present value of lıabılıtıes		(35,267,000)		(33,748,000)
Scheme deficıt		(2,462,000)		(560,000)
Related deferred tax asset		664,740		156,800
Net lıabılıty		(1,797,260)		(403,200)

The prıncıpal assumptıons used were as follows

	2010	*2009*
Dıscount rate	5 3%	6 0%
Rate of ıncreases ın Retaıl Prıces Index	2 9%	2 75%
Rate of ıncreases ın Consumer Prıces Index	2 2%	n/a
Increase ın pensıons ın deferment	2 2%	2 75%
Average rate of ıncreases ın pensıons		
In lıne wıth RPI (max 3%, mın 0%)	2 2%	2 2%
In lıne wıth RPI (max 5%, mın 0%)	2 8%	2 7%
In lıne wıth RPI (max 5%, mın 3%)	3 7%	3 5%
% of members commutıng maxımum allowable pensıon for cash at retırement	100%	100%
Average expected future lıfe at age 65 for		
Male currently aged 65	13 1	13 1
Female currently aged 65	16 1	16 1
Male currently aged 45	13 1	13 1
Female currently aged 45	16 1	16 1

Mortalıty assumptıons are based upon the regıonal ınterım lıfe tables for Northern Ireland ıssued by the Government's Actuary Department adjusted to reflect mortalıty experıence wıthın the wards ın whıch the majorıty of members lıve 60% of members are assumed to be marrıed on death or retırement, wıth wıves assumed to be three years younger than theır husbands

Notes to the financial statements

at 30 September 2010

16. Pensions (continued)

The following amounts have been recognised in the company's profit and loss account

	2010	2009
	£	£
Expected return on pension scheme assets	1,911,000	2,277,000
Interest on pension scheme liabilities	(1,934,000)	(2,535,000)
Other finance costs	(23,000)	(258,000)

The following amounts have been recognised in the statement of total recognised gains and losses

	2010	2009
	£	£
Actual return expected return on scheme assets	2,291,000	3,587,000
Less expected return on scheme assets	(1,911,000)	(2,277,000)
	380,000	1,310,000
Experience gains and losses arising on the scheme liabilities	(157,000)	(4,000)
Changes in assumptions underlying the present value of the scheme liabilities	(2,473,000)	1,839,000
Net actuarial gain/(loss) recognised in the statement of total recognised gains and losses	(2,250,000)	3,145,000

Changes in the market value of assets

	2010	2009
	£	£
Market value of assets at the beginning of the year	33,188,000	32,765,000
Expected return	1,911,000	2,277,000
Actuarial gains	380,000	1,310,000
Employer contributions	371,000	190,000
Benefits paid	(3,045,000)	(3,354,000)
Market value of assets at the end of the year	32,805,000	33,188,000

Changes in the present value of the defined benefit obligations

	2010	2009
	£	£
Value of obligations at the beginning of the year	33,748,000	36,402,000
Interest on scheme liabilities	1,934,000	2,535,000
Actuarial losses/(gains)	2,630,000	(1,835,000)
Benefits paid	(3,045,000)	(3,354,000)
Value of obligations at the end of the year	35,267,000	33,748,000

[illegible]

Notes to the financial statements

at 30 September 2010

16 Pensions (continued)

	2010	*2009*	*2008*	*2007*	*2006*
	£	*£*	*£*	*£*	*£*
Scheme liabilities	(35,267,000)	(33,748,000)	(36,402,000)	(45,378,000)	(49,781,000)
Scheme assets	32,805,000	33,188,000	32,765,000	41,735,000	44,200,000
Scheme deficit	(2,462,000)	(560,000)	(3,637,000)	(3,643,000)	(5,581,000)
Experience adjustments on liabilities	(157,000)	(4,000)	688,000	(10,000)	(93,000)
Experience adjustments on assets	380,000	1,310,000	(8,197,000)	(506,000)	639,000

The cumulative amount of actuarial gains and losses recognised since 1 October 2001 in the statement of total recognised gains and losses is a net gain of £4,387,000 (2009 – £6,637,000)

In the year ended 30 September 2011 the company's parent undertaking Andrews Holdings Limited expects to contribute £792,000 to the scheme The Andrews Holdings Limited group will also transfer a property holding with an estimated value of £513,000 to the scheme

17 Other financial commitments

At 30 September 2010, the company had annual commitments under non-cancellable operating leases as set out below

		2010		*2009*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£	*£*	*£*	*£*
Operating leases which expire				
Within one year	–	8,429	–	5,438
In two to five years	100,000	15,976	200,000	9,196
	100,000	24,405	200,000	14,634

18. Related party transactions

The company has taken advantage of the exemption in FRS 8 'Related Party Transactions' from disclosing transactions with related parties which are wholly owned within the Andrews Holdings Limited group of companies

At the balance sheet date an amount of £850,000 remains due to the company from Hotspur (NI) Limited (2009 – £850,000), a company of which Messrs M Moreland and J McGurk are directors and is included in 'other debtors' (note 10)

Klinsmann Properties Limited, a company of which Messrs M Moreland and J McGurk are directors, charged rent to the company during the year of £100,000 (2009 – £200,000) The company and certain other members of the Andrews Holdings Limited group have entered into a circular guarantee with Klinsmann Properties Limited with respect to the bank borrowings of each company

19. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Andrews Holdings Limited, a company incorporated in Northern Ireland This is the parent undertaking of the largest group of which the company is a member and for which group financial statements are prepared Copies of its group financial statements may be obtained from its registered office, Belfast Mills, 71/75 Percy Street, Belfast, BT13 2HW

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