



# FARMFOODS LIMITED

## REPORT AND FINANCIAL STATEMENTS 2007



Company Number 30186

## **FARMFOODS LIMITED**

### **Directors**

Eric F G Herd  
William McCreadie  
Peter D Dicken  
David A Roberts  
Gerard C Savage

### **Secretary**

Susan J Crombie

### **Registered Office**

7 Greens Road  
Blairlinn  
Cumbernauld  
G67 2TU

### **Auditors**

KPMG LLP  
191 West George Street  
Glasgow  
G2 2LJ

### **Bankers**

The Royal Bank of Scotland plc  
100 West George Street  
Glasgow  
G2 1PP

# FARMFOODS LIMITED

## DIRECTORS' REPORT

The directors submit their report and the financial statements of the Company for the year ended 31 December 2007. The comparative period is for the year ended 31 December 2006.

### Principal Activity and Business Review

The principal activity of the Company is the retail distribution of frozen foods.

The profit for the period after taxation amounted to £4,903,000 (2006: £1,789,000). The operating profit was £6,242,000 compared to £1,549,000.

The principal risks and uncertainties affecting the business include the following:

- **Competitive risk** Trading conditions have been and are expected to remain competitive.
- **Energy costs** The Company consumes significant levels of electricity supplies. Rising costs have had a significant effect, however, the Company places great importance on energy efficiencies, both through energy "save it" campaigns and through the introduction of more energy efficient technologies.
- **Fuel costs** Diesel is a significant cost element of the Company's activities and the Company, through its distribution contractor, actively manages the purchasing process and carefully monitors efficient consumption.

Key areas of development and performance of the business include:

- **Sales and Marketing** The Company continues to promote the benefits of frozen foods.
- **Health and Safety** The Company continues to ensure that a safe and healthy environment for both employees and customers is maintained and improved.
- **Environment** The Company continues to review and improve its environmental performances. The Company complies with environmental regulations, including the producer responsibility (packaging waste) obligations where they are registered directly with the Scottish Environmental Protection Agency. They continue to promote the re-use and re-cycling of packaging materials, including plastic carrier bags.

### Financial Performance Indicators

Turnover at £369,437,000 is £30,841,000 lower than the 2006 figure.

The Company invested £9,492,000 in freehold property (2006: £5,932,000).

Total borrowings at the year end amounted to £24,070,000 (2006: £17,659,000).

Total net cash outflow for the year was £1,380,000 with operating activities generating a net cash inflow of £7,807,000.

The average weekly number of employees during the year was 2,964, which was similar to the 2006 level.

### Dividend

The directors recommended no dividend for the year (2006 – nil).

### Directors

The directors at the end of the financial year were as follows:

Eric F G Herd  
William McCreadie  
Peter D Dicken  
David A Roberts  
Gerard C Savage

In accordance with the Company's Articles of Association the directors are not subject to retirement by rotation.

## **Management Board**

The Management Board formed in January 2001 continues to play an important part in the running of the Company under the direction of the Main Board. The Management Board currently comprises the five Main Board directors, together with Alan Henderson (Buying and Marketing Director) and Alexander Birnie (Admin Director).

## **Employees**

It is the policy of the Company to develop all members of staff. The Company has a well established policy of filling vacancies from within the workforce, and many opportunities for internal promotion are created.

The Company is committed to the principles of equal opportunities in employment and opposes all forms of discrimination on the grounds of race, age, nationality, religion, ethnic origin, gender, marital status or sexual orientation.

The Company's policy is that, where it is reasonable and practicable, all employees including disabled persons are treated in the same way in matters relating to employment, training, career development and promotion.

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

The Company provides a comprehensive vocational training programme for all its retail staff, creating the opportunity for employees to maintain and improve their performance and to develop their potential, enabling them to make a positive contribution to the Company and to be suitable candidates for career opportunities as they emerge.

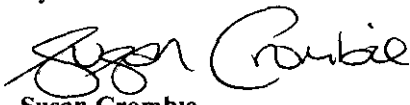
## **Disclosure of Information to Auditors**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **Auditors**

KPMG LLP have expressed their willingness to continue as auditors to the Company.

By order of the Board



**Susan Crombie**

Secretary

7 May 2008

Greens Road  
Blairlinn  
Cumbernauld  
G67 2TU

# **FARMFOODS LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent Company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

# FARMFOODS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARMFOODS LIMITED

We have audited the financial statements of Farmfoods Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

Chartered Accountants

Registered Auditor

7 May 2008

191 West George Street

Glasgow

G2 2LJ

# FARMFOODS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	<u>2007</u> £000	<u>2006</u> £000
Sales		383,081	415,248
Value Added Tax		<u>(13,644)</u>	<u>(14,970)</u>
Turnover		369,437	400,278
Cost of sales		<u>(363,081)</u>	<u>(395,039)</u>
Gross profit		6,356	5,239
Administration expenses		(4,299)	(4,286)
Other operating income		<u>4,185</u>	<u>596</u>
Operating profit	5	6,242	1,549
Gain on disposal of fixed assets		<u>42</u>	<u>2,217</u>
Profit on ordinary activities before interest		6,284	3,766
Net interest payable	6	<u>(1,265)</u>	<u>(1,558)</u>
Profit on ordinary activities before taxation		5,019	2,208
Tax on profit on ordinary activities	7	<u>(116)</u>	<u>(419)</u>
Profit for the financial year	16	<u>4,903</u>	<u>1,789</u>

There are no recognised gains or losses other than the profit for the year

No operations were acquired or discontinued during the year

# FARMFOODS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £000	2006 £000
<b>Fixed assets</b>			
Tangible assets	8	66,162	58,550
<b>Current assets</b>			
Stocks	9	28,237	31,084
Debtors	10	7,256	6,182
Cash at bank and in hand		4,935	6,315
<b>Creditors: amounts falling due within one year</b>	11	(40,517)	(43,601)
<b>Net current liabilities</b>		(89)	(20)
<b>Total assets less current liabilities</b>		66,073	58,530
<b>Creditors: amounts falling due after more than one year</b>	12	(24,762)	(21,874)
<b>Provision for liabilities and charges</b>	13	(3,667)	(3,915)
<b>Net assets</b>		<u>37,644</u>	<u>32,741</u>
<b>Capital and reserves</b>			
Called up share capital	15	1,135	1,135
Capital redemption reserve	16	385	385
Share premium	16	121	121
Profit and loss account	16	36,003	31,100
<b>Equity Shareholders' funds</b>		<u>37,644</u>	<u>32,741</u>

These financial statements were approved by the board of directors on 7 May 2008 and were signed on its behalf by

  
Eric F G Herd  
Director



# **FARMFOODS LIMITED**

## **CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>Note</b>	<b><u>2007</u> £000</b>	<b><u>2006</u> £000</b>
<b>Net cash inflow from operating activities</b>	19(ii)	<b>7,807</b>	<b>9,560</b>
Returns on investment & servicing of finance	19(iii)	<b>(1,275)</b>	<b>(1,612)</b>
Taxation		<b>(564)</b>	<b>(86)</b>
Capital expenditure	19(iii)	<b>(12,379)</b>	<b>3,966</b>
Financing	19(iii)	<b>5,031</b>	<b>(3,334)</b>
<b>(Decrease)/increase in cash</b>		<b><u>(1,380)</u></b>	<b><u>8,494</u></b>

# FARMFOODS LIMITED

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

#### **Basis of Preparation**

The financial statements have been prepared in accordance with the historical cost convention and applicable Accounting Standards

#### **Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its estimated residual value evenly over its expected useful economic life as follows

Freehold property	30 - 50 years
Leasehold property	Period of Lease
Plant and equipment	3 - 15 years
Motor vehicles	3 - 5 years

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is calculated by reference to invoiced cost.

#### **Taxation**

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounts purposes which have arisen but have not reversed by the balance sheet date, except as otherwise required by FRS 19

#### **Leases and Hire Purchase Contracts**

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease

Assets acquired under hire purchase and lease finance contracts are included in fixed assets, and the capital element of the contracts is included in creditors. Repayments are allocated between capital and interest and the interest is charged to the income statement on a reducing balance basis

# FARMFOODS LIMITED

## NOTES TO THE ACCOUNTS

### Pensions

The Company operates defined contribution pension schemes. All contributions are now made to a Group Personal Pension Plan and are charged to profit as they become payable.

### Turnover

Turnover represents all sales stated net of value added tax. All turnover is attributable to retail sales.

### 2. Staff Costs

	<u>2007</u>	<u>2006</u>
	<u>£000</u>	<u>£000</u>
Wages and salaries	25,299	26,563
Social security costs	1,772	1,856
Other pension costs	481	439
	<u>27,552</u>	<u>28,858</u>

The average weekly number of employees during the year was made up as follows:

	<u>No.</u>	<u>No.</u>
	<u></u>	<u></u>
Retail	2,899	2,907
Administration	65	62
	<u>2,964</u>	<u>2,969</u>

### 3. Directors' Remuneration

	<u>2007</u>	<u>2006</u>
	<u>£000</u>	<u>£000</u>
Directors' emoluments	<u>1,858</u>	<u>1,591</u>
Company contributions to defined contribution pension schemes	<u>162</u>	<u>145</u>
Number of directors for whom benefits have accrued under a defined contribution pension scheme	<u>4</u>	<u>4</u>
Emoluments of the highest paid director	<u>685</u>	<u>875</u>
Company contributions to a defined contribution pension scheme on behalf of the highest paid director	<u>46</u>	<u></u>

# FARMFOODS LIMITED

## NOTES TO THE ACCOUNTS

### 4 Pension Costs

The Company contributes to a Group Personal Pension Plan which is a defined contribution scheme. The pension cost charge represents contributions paid by the Company to this scheme and amounted to £481,000 (2006 £439,000). The amount accrued at the end of the year was £28,521 (2006 £28,421).

The Company previously operated a defined contribution pension scheme. The assets of this scheme are held separately from those of the Company in independently administered funds. A small number of members have contracted out of the State Earnings Related Pension Scheme on a guaranteed minimum pension (GMP) basis. Members' benefits under this scheme have been fully secured and full provision for the expected cost of the wind up has been made.

### 5. Operating Profit

	<u>2007</u> £000	<u>2006</u> £000
This is stated after charging/(crediting)		
Auditors' remuneration      audit services	49	47
other services relating to taxation	32	31
Depreciation	5,437	5,510
Operating lease rentals      property	13,822	13,376
Rents receivable	(323)	(408)

Other Operating Income is the net surplus from the early termination of three (2006 – two) property leases.

### 6 Interest

	<u>2007</u> £000	<u>2006</u> £000
Bank loans	1,254	1,565
Hire purchase and finance leases	55	
Other	5	3
Interest payable	1,314	1,568
Interest receivable	(49)	(10)
	<u>1,265</u>	<u>1,558</u>

# FARMFOODS LIMITED

## NOTES TO THE ACCOUNTS

### 7. Tax Charge on Profit on Ordinary Activities

Analysis of tax charge in the year

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
<b>Current corporation tax</b>		
UK corporation tax on profits for the year	584	430
Adjustments in respect of prior years	(220)	104
Total current corporation tax	<u>364</u>	<u>534</u>
<b>Deferred tax</b>		
Origination of timing differences	(78)	(100)
Adjustments in respect of prior years	33	(15)
Impact of changes in tax rates and laws	(203)	
Total deferred tax	<u>(248)</u>	<u>(115)</u>
Tax on profit on ordinary activities	<u>116</u>	<u>419</u>

### Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2006 lower) than the standard rate of corporation tax in the UK (30%, 2006 30%) The differences are explained below

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	<u>5,019</u>	<u>2,208</u>
Current tax at 30%	1,506	662
<b>Effects of</b>		
Depreciation on assets not qualifying for capital allowances	395	356
Expenses not deductible for tax purposes	13	16
Deferred tax charge for the current year	91	100
Adjustments to the tax charge in respect of prior years	(220)	104
Rollover relief on disposal of asset not subject to tax	(1,420)	(704)
Others	(1)	
	<u>364</u>	<u>534</u>

# FARMFOODS LIMITED

## NOTES TO THE ACCOUNTS

### 8. Tangible Fixed Assets

	Freehold Property £000	Leasehold Property £000	Plant and Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>					
At 31 December 2006	24,856	19,909	52,939	946	98,650
Additions	9,492	955	3,927	275	14,649
Disposals	(1,226)	(724)	(3,295)	(353)	(5,598)
Transfers	63	(63)			
At 31 December 2007	<u>33,185</u>	<u>20,077</u>	<u>53,571</u>	<u>868</u>	<u>107,701</u>
<b>Depreciation</b>					
At 31 December 2006	2,074	8,307	29,221	498	40,100
Charge for year	329	986	3,917	205	5,437
Disposals	(399)	(544)	(2,749)	(306)	(3,998)
Transfers	9	(9)			
At 31 December 2007	<u>2,013</u>	<u>8,740</u>	<u>30,389</u>	<u>397</u>	<u>41,539</u>
<b>Net book value</b>					
At 31 December 2007	<u>31,172</u>	<u>11,337</u>	<u>23,182</u>	<u>471</u>	<u>66,162</u>
At 31 December 2006	<u>22,782</u>	<u>11,602</u>	<u>23,718</u>	<u>448</u>	<u>58,550</u>

The net book value of leasehold properties comprises

	<u>2007</u> £000	<u>2006</u> £000
Long leasehold	1,610	1,323
Short leasehold	9,727	10,279
	<u>11,337</u>	<u>11,602</u>

The net book values of freehold retail property included in freehold property at 31 December 2007 amounted to £24,274,000 (2006 £14,882,000)

Included in freehold property is land amounting to £12,951,000 (2006 £9,998,000) which is not depreciated

The net book value of plant and equipment includes £1,940,000 (2006 – £594,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on these assets amounted to £149,000 (2006 – nil)

### 9. Stocks

	<u>2007</u> £000	<u>2006</u> £000
Goods for resale	27,681	30,171
Consumables	556	913
	<u>28,237</u>	<u>31,084</u>

# FARMFOODS LIMITED

## NOTES TO THE ACCOUNTS

### 10. Debtors

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
Trade debtors	2,180	1,094
Other debtors	513	736
Corporation tax	95	
Prepayments & accrued income	4,468	4,352
	<u>7,256</u>	<u>6,182</u>

### 11 Creditors: Amounts falling due within one year

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
Trade creditors	30,974	37,189
Obligations under finance lease and hire purchase contracts	378	100
Bank loans	3,865	2,000
Corporation tax		105
Other taxes and social security costs	479	453
Accruals & deferred income	4,821	3,754
	<u>40,517</u>	<u>43,601</u>

### 12. Creditors: Amounts falling due after one year

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
Bank loans	23,410	21,401
Obligations under finance lease and hire purchase contracts	1,352	473
	<u>24,762</u>	<u>21,874</u>

The maturity of the above amounts is as follows

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
1 year	4,243	2,100
1 2 years	3,483	2,240
2 5 years	6,240	19,634
>5 years	15,039	
	<u>29,005</u>	<u>23,974</u>
Less amount in current liabilities	<u>(4,243)</u>	<u>(2,100)</u>
	<u>24,762</u>	<u>21,874</u>

Bank borrowings are secured by a floating charge over the assets of the Company and by fixed charges over freehold properties and are fully repayable within fifteen years (2005 – four years) These loans bear interest at normal commercial rates and are repayable in equal instalments over the life of the loans

### 13. Provision for Liabilities and Charges

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
Deferred tax	3,667	3,915

# FARMFOODS LIMITED

## NOTES TO THE ACCOUNTS

### 14. Deferred Tax

Deferred taxation provided in the accounts and the amounts not provided are as follows

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
<b>Provided</b>		
Accelerated Capital Allowances	3,667	3,915
<b>Not Provided</b>		
Capital Gains held over	<u>3,650</u>	<u>2,508</u>
Movements on deferred tax provision during the year were as follows		
At beginning of year	3,915	4,030
Impact of changes in tax rates and laws	(203)	
Credit for the year (Note 7)	<u>(45)</u>	<u>(115)</u>
	<u>3,667</u>	<u>3,915</u>

### 15. Called up Share Capital

	<u>Authorised</u>		<u>Allotted, Called up and Fully Paid</u>	
	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
Ordinary shares of £1 each	2,000	2,000	1,135	1,135

### 16. Reserves

	<u>Share Premium Account</u> <u>£000</u>	<u>Capital Redemption Reserve</u> <u>£000</u>	<u>Profit and Loss Account</u> <u>£000</u>
The movement is analysed below			
At 31 December 2006	121	385	31,100
Retained profit for year			4,903
At 31 December 2007	<u>121</u>	<u>385</u>	<u>36,003</u>



# FARMFOODS LIMITED

## NOTES TO THE ACCOUNTS

### 17 Reconciliation of Movement in Shareholders' Funds

	<u>2007</u> £000	<u>2006</u> £000
Profit for the financial year	4,903	1,789
Opening shareholders' funds	<u>32,741</u>	<u>30,952</u>
Closing shareholders' funds	<u>37,644</u>	<u>32,741</u>

### 18. Commitments under Operating Lease Agreements

Annual commitments under non cancellable operating leases are as follows

	<u>Land &amp; Buildings</u>	
	<u>2007</u> £000	<u>2006</u> £000
Operating leases which expire		
within one year	429	347
within two to five years	2,804	2,808
in over five years	<u>10,108</u>	<u>9,895</u>
	<u>13,341</u>	<u>13,050</u>

### 19 Cash Flow Statement

#### (i) Reconciliation of net cash flow to movement in net debt

	<u>2007</u> £000	<u>2006</u> £000
(Decrease)/increase in cash in the year	(1,380)	8,494
Cash (inflow)/outflow from increase/decrease in debt	<u>(5,031)</u>	<u>3,334</u>
Change in net debt	<u>(6,411)</u>	<u>11,828</u>
Net debt at 31 December 2006	<u>(17,659)</u>	<u>(29,487)</u>
Net debt at 31 December 2007	<u>(24,070)</u>	<u>(17,659)</u>

# FARMFOODS LIMITED

## NOTES TO THE ACCOUNTS

### (ii) Reconciliation of operating profit to net cash inflow from operating activities

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
Operating profit	6,242	1,549
Depreciation	5,437	5,510
Decrease in stocks	2,847	1,260
Increase in debtors	(959)	(667)
(Increase)/decrease in creditors	(5,760)	1,908
Net cash inflow from operating activities	<u>7,807</u>	<u>9,560</u>

### (iii) Gross Cash Flows

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
Returns on investment & servicing of finance		
Interest received	28	10
Interest paid	<u>(1,303)</u>	<u>(1,622)</u>
	<u>(1,275)</u>	<u>(1,612)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	<u>(14,022)</u>	<u>(9,497)</u>
Receipts from sale of tangible fixed assets	<u>1,643</u>	<u>13,463</u>
	<u>(12,379)</u>	<u>3,966</u>
Financing		
New bank loans	24,316	
Repayment of bank loans	<u>(20,442)</u>	<u>(3,907)</u>
Finance lease	<u>1,157</u>	<u>573</u>
Net cash outflow from financing	<u>5,031</u>	<u>(3,334)</u>

### (iv) Analysis of changes in net debt

	<u>At</u> <u>31 12 06</u> <u>£000</u>	<u>Cash</u> <u>Flows</u> <u>£000</u>	<u>At</u> <u>31.12.07</u> <u>£000</u>
Cash at bank and in hand	6,315	(1,380)	4,935
Debt due within 1 year	(2,100)	(2,143)	(4,243)
Debt due after 1 year	<u>(21,874)</u>	<u>(2,888)</u>	<u>(24,762)</u>
Total	<u>(17,659)</u>	<u>(6,411)</u>	<u>24,070</u>

# FARMFOODS LIMITED

## NOTES TO THE ACCOUNTS

### 20. Related Party Transactions

Total rents and related service charges payable to GSC Properties Ltd in the year were £429,000 (2006 £474,000) and the net balance outstanding at 31 December 2007 due by the Company to GSC Properties was £154,000 (2006 – £154,000) Eric F G Herd has a controlling interest in GSC Properties Ltd

Distribution services were provided by Link Logistics Limited and its subsidiary, Link Logistics (Scotland) Limited Net expenditure amounted to £18,175,000 (2006 £18,963,000) and the net balance outstanding at 31 December 2007 due by the Company to Link Logistics was £1,252,000 (2006 £1,462,000) At 31 December 2007 Eric F G Herd held a majority interest in Link Logistics Limited

The above transactions were at market value

Eric F G Herd is the controlling party of the Company by way of his majority shareholding

### 21 Capital Commitments

	<u>2007</u> <u>£000</u>	<u>2006</u> <u>£000</u>
Contracted for, not provided	<u>5,734</u>	<u>1,105</u>