

Company Registration No. SC440783

2 SISTERS RED MEAT LIMITED

Report and Financial Statements

53 weeks ended 2 August 2014

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2 SISTERS RED MEAT LIMITED

REPORT AND FINANCIAL STATEMENTS 2 AUGUST 2014

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2 SISTERS RED MEAT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

R S Boparan
S Henderson (Resigned: 1 August 2014)
S P Leadbeater (Appointed: 20 June 2014)

Registered office

George Street
Coupar Angus
Blairgowrie
Perthshire
Scotland
PH13 9LU

Bankers

Barclays Bank plc
1 Park Row
Leeds
LS1 5WU

BNP Paribas UK Ltd
10 Harewood Avenue
London
NW1 6AA

Goldman Sachs Bank USA
200 West Street
New York
NY 10282-2198

HSBC Bank plc
8 Canada Square
London
E14 5HQ

JPMorgan Chase Bank, N.A.
25 Bank Street
London
E14 5JP

The Royal Bank of Scotland plc
2 Whitehall Quay
Leeds
LS1 4HR

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
One City Square, Park Row
Leeds
LS1 2AL

2 SISTERS RED MEAT LIMITED

STRATEGIC REPORT

The directors present the annual report and the audited financial statements for the 53 week period ended 2 August 2014.

Business overview and principal activities

The Company is a wholly owned subsidiary of the group headed by Boparan Holdings Limited ("the Group" or "Boparan Holdings Group"). The principal activity of the Company during the period was the processing of red meat products. There have not been any significant changes in the Company's principal activities in the period under review or post year end.

The results are shown in the profit and loss account on page 7. The Company has made a loss for the 53 week period ended 2 August 2014 of £1,092,000 (27 week period ended 27 July 2013: £351,000). The 53 week period ended 2 August 2014 result includes exceptional costs of £1,148,000 (27 week period ended 27 July 2013: £1,657,000) which primarily relates to redundancy and associated costs in respect of the Company's integration into the Group.

The Company was incorporated on 21 January 2013, therefore the prior period comparative figures represent the 27 week period from incorporation to 27 July 2013. On 8 March 2013 the Company acquired the trade and operating assets of the Vion Red Meat business for £14,017,000 and subsequently the share capital of the company was acquired by Boparan Holdings Limited.

Results and dividends

The loss for the 53 week period ended 2 August 2014 attributable to shareholders amounts to £1,092,000 (27 week period ended 27 July 2013: £351,000) and is dealt with as shown in the profit and loss account. No interim dividend was paid in the period. The directors do not recommend the payment of a final dividend.

Key performance indicators

The Group monitors all key performance indicators (KPIs) on a divisional basis. Selected Group KPIs relevant for the Company have been calculated as follows:

	53 weeks ended 2 August 2014 £'000	27 weeks ended 27 July 2013 £'000
Total turnover	495,777	216,624
Gross profit margin	7.7%	6.0%
Pre-exceptional operating profit	2,022	1,530
Pre-exceptional operating profit margin	0.4%	0.7%
Operating profit / (loss) before taxation	874	(127)

Further information on the Group's KPIs is disclosed in the Group's annual report which does not form part of this report. The Company generated a lower operating profit margin in the current period compared with the prior period as a result of difficult trading conditions in the red meat market. The directors anticipate that results will improve as the business becomes further integrated into the Boparan Holdings Group and rationalisation initiatives are implemented.

Principal risks and uncertainties

The Company's main customers are the UK's leading supermarkets, and the strength of these customers, combined with competitive pressure in the industry, represent continuing risks which could result in lost sales to key competitors and future uncertainties on the Company's revenues and profits.

The Company seeks to manage the risks presented by its consolidated customer base, and the highly competitive environment that characterises the industry, through its strategy of pursuing a competitive high service and quality/low cost model targeted across a portfolio of categories where it has good market positions.

2 SISTERS RED MEAT LIMITED

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

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

Further risks, such as those relating to changes in consumer trends, food safety and exposure to price and supply fluctuations for raw materials and services, are managed on a group wide basis and as such are discussed in the Boparan Holdings Group annual report for the 53 weeks ended 2 August 2014.

Future prospects

The directors consider the future prospects of the Company to be satisfactory and expect the current level of activity to continue in the foreseeable future.

Going concern

The Company is in a net liability position however it does not have any exposure to external financing as working capital and short term cash flow requirements are managed through financial support from the parent company. The parent company, Boparan Holdings Limited, has confirmed its intention to provide sufficient financial support, should it be required, to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The going concern of the Company is therefore dependent on the going concern of the Group.

Long term funding for the Group is provided primarily through Senior Loan Notes. In July 2014 the Group refinanced its existing Senior Loan Notes raising new sterling notes totalling £580m with 5 and 7 year maturities and a euro note of €300m with a 7 year maturity replacing the existing £400m and €340m Senior Loan Notes respectively. In addition, the Group also replaced its existing £40m Revolving Credit Facility with a £60m facility which remained undrawn during the period and at the period end. The Company and other Group subsidiary companies are guarantors in respect of the Senior Loan Notes due 2019 and 2021, whereby they absolutely and unconditionally guarantee the principal and interest on the Senior Loan Notes. The same companies are cross guarantors in respect of the Boparan Holdings Group's £60m Revolving Credit Facility. The total bond value as at 2 August 2014 per the Boparan Holdings Group accounts was £809.4m net of fees (2013: £676.7m) however the individually guaranteed amount is not readily available.

In determining whether the Company's financial statements can be prepared on a going concern basis, the directors have considered, the Company and Group's business activities, together with the factors likely to affect the Company and Group's future development, performance and position, the Group forecasts for the 12 month period from the date of approval of these financial statements and the availability of financial support from the parent company.

As at the date of this report, the directors have a reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Accordingly, the annual report and financial statements for the 53 weeks ended 2 August 2014 have been prepared on the going concern basis. Further details regarding the adoption of the going concern basis can be found in note 1.

By order of the Board



S P Leadbeater

Director

18 December 2014

2 SISTERS RED MEAT LIMITED

DIRECTORS' REPORT

Directors

The directors who served during the 53 week period ended 2 August 2014 and up to the date of signing the financial statements are those listed on page 1.

Directors indemnities

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

Environment

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

Employees

Details of the number of employees and related costs can be found in note 6.

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

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

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

Auditor

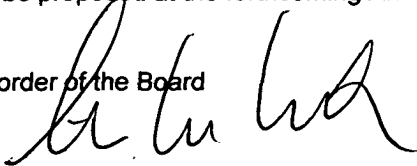
In the case of each of the persons who are directors of the Company at the date when this report was approved:

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

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

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

By order of the Board



S P Leadbeater

Director

18 December 2014

2 SISTERS RED MEAT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2 SISTERS RED MEAT LIMITED

We have audited the financial statements of 2 Sisters Red Meat Limited for the 53 week period ended 2 August 2014 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2 August 2014 and of its loss for the 53 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Matthew Hughes BSc (Hons) ACA for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK
18 December 2014

2 SISTERS RED MEAT LIMITED

PROFIT AND LOSS ACCOUNT

For the 53 week period ended 2 August 2014

		53 weeks ended 2 August 2014 £'000	53 weeks ended 2 August 2014 £'000	27 weeks ended 27 July 2013 £'000	27 weeks ended 27 July 2013 £'000
	Note				
Turnover	2		495,777		216,624
Cost of sales			(457,560)		(203,549)
GROSS PROFIT			38,217		13,075
Distribution costs			(9,258)		(3,902)
Administrative expenses					
- before exceptional items		(26,937)		(7,643)	
- exceptional items	3	(1,148)		(1,657)	
			(28,085)		(9,300)
OPERATING PROFIT:					
- before exceptional items		2,022		1,530	
- exceptional items	3	(1,148)		(1,657)	
			874		(127)
OPERATING PROFIT / (LOSS):					
Interest payable and similar charges	7		(2,280)		(206)
			(1,406)		(333)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4				
Tax on loss on ordinary activities	8		314		(18)
LOSS FOR THE FINANCIAL PERIOD	18		(1,092)		(351)

All of the above results derive from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains or losses in the period other than the result for that period. Accordingly no Statement of Total Recognised Gains and Losses has been presented.

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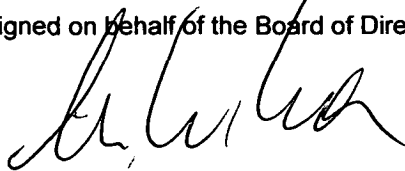
BALANCE SHEET
as at 2 August 2014

	Note	2 August 2014 £'000	27 July 2013 £'000
FIXED ASSETS			
Goodwill	9	4,122	3,719
Tangible assets	10	7,725	9,274
		11,847	12,993
CURRENT ASSETS			
Stocks	12	30,868	30,627
Deferred tax asset	16	1,634	673
Debtors due within one year	13	31,772	22,405
Cash at bank and in hand		1,101	9
		65,375	53,714
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(78,422)	(66,349)
NET CURRENT LIABILITIES		(13,047)	(12,635)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,200)	358
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(243)	(709)
NET LIABILITIES		(1,443)	(351)
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Profit and loss account	18	(1,443)	(351)
SHAREHOLDERS' DEFICIT	19	(1,443)	(351)

The accompanying notes are an integral part of this balance sheet.

These financial statements of 2 Sisters Red Meat Limited (SC440783) were approved by the Board of Directors and authorised for issue on 18 December 2014.

Signed on behalf of the Board of Directors



S P Leadbeater

Director

NOTES TO THE FINANCIAL STATEMENTS

53 week period ended 2 August 2014

1. ACCOUNTING POLICIES

Basis of accounting

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

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Going concern

The Company is in a net liabilities position however it does not have any exposure to external financing as working capital and short term cash flow requirements are managed through financial support from the parent company. The parent company, Boparan Holdings Limited, has confirmed its intention to provide sufficient financial support, should it be required, to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The going concern of the Company is therefore dependent on the going concern of the Group.

Long term funding for the Group is provided primarily through Senior Loan Notes. In July 2014 the Group refinanced its existing Senior Loan Notes raising new sterling notes totalling £580m with 5 and 7 year maturities and a euro note of €300m with a 7 year maturity replacing the existing £400m and €340m Senior Loan Notes respectively. In addition, the Group also replaced its existing £40m Revolving Credit Facility with a £60m facility which remained undrawn during the period and at the period end. The Company and other Group subsidiary companies are guarantors in respect of the Senior Loan Notes due 2019 and 2021, whereby they absolutely and unconditionally guarantee the principal and interest on the Senior Loan Notes. The same companies are cross guarantors in respect of the Boparan Holdings Group's £60m Revolving Credit Facility. The total bond value as at 2 August 2014 per the Boparan Holdings Group accounts was £809.4m net of fees (2013: £676.7m) however the individually guaranteed amount is not readily available.

In determining whether the Company's financial statements can be prepared on a going concern basis, the directors considered the Company's and Group's business activities, together with the factors likely to affect its future development, performance and position. The review included the financial position of the Group, its cash flows, liquidity position, borrowing facilities and covenants. The key factors considered by the directors were as follows:

- consideration of detailed forecasts prepared for the 12 month period from the date of approval of the financial statements and the application of sensitivities to those forecasts;
- the implications of the challenging economic environment and future uncertainties on the Group's revenues and profits and its ability to meet financial covenants;
- the impact of the competitive environment within which the Group's businesses operate;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected;
- the Group has access to undrawn overdraft facilities and a committed bank facility to meet working capital requirements.

As at the date of this report, the directors have a reasonable expectation that the Company have adequate resources to continue in business for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. Accordingly, the financial statements for the 53 weeks ended 2 August 2014 have been prepared on the going concern basis.

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NOTES TO THE FINANCIAL STATEMENTS (continued) 53 week period ended 2 August 2014

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, Value Added Tax (VAT) and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed, and to the extent that sales are invoiced in advance of delivery, income is deferred.

Cash flow statement

The Company is exempt from the requirement of FRS 1 to present a cash flow statement since it is a wholly owned subsidiary undertaking of Boparan Holdings Limited, in whose financial statements the Company is consolidated.

Goodwill

The results of businesses acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. Goodwill, being the excess of the consideration over the fair value of the separable net tangible assets at the date of acquisition of newly acquired businesses, is capitalised and in the absence of indications to the contrary, is amortised over its useful economic life of 20 years. Provision is made for any impairment.

Fixed assets

Fixed assets are valued at cost less accumulated depreciation and any provision for impairment and investments are valued at cost less any provision for impairment where applicable.

Borrowing costs

Borrowing costs directly attributable to the acquisitions, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of the assets, until such time as the assets are substantially ready for their intended use.

Depreciation of tangible fixed assets

Fixed assets are written off in equal annual instalments over their expected useful lives as follows:

Plant and equipment	3-15 years
Motor vehicles	4-10 years

Government grants

Government grants in respect of capital expenditure are credited to deferred income and are released to the income statement over the expected useful lives of the relevant assets by equal annual instalments.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective stock where appropriate.

2 SISTERS RED MEAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **53 week period ended 2 August 2014**

1. ACCOUNTING POLICIES (continued)

Research and development

Research and development costs comprise all directly attributable costs necessary to create and produce new products which are both brand new in design and those being modified. Costs classified as research and development include raw materials, labour costs, artwork origination and market research directly attributable to developing the products.

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Company is expected to benefit. Provision is made for any impairment.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Pension schemes

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

Taxation

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

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

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. TURNOVER

Turnover consists of sales to third parties net of trade discounts and excluding VAT and sales related taxes. All turnover arises wholly within the UK.

3. EXCEPTIONAL ITEMS

During the period the Company recognised £1,148,000 (27 week period ended 27 July 2013: £1,657,000) of exceptional items for the 53 week period ended 2 August 2014 which primarily relates to associated costs in respect of the Company's integration into the Group.

The current 53 week period ended 2 August 2014 tax effect of the exceptional items is a corporation tax credit of £229,000 (27 week period ended 27 July 2013: £392,000).

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NOTES TO THE FINANCIAL STATEMENTS (continued) 53 week period ended 2 August 2014

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAX

Loss on ordinary activities before tax is stated after charging / (crediting):

	53 weeks ended 2 August 2014 £'000	27 weeks ended 27 July 2013 £'000
Depreciation of owned tangible fixed assets (note 10)	2,314	898
Exceptional items (note 3)	1,148	1,657
Research and development expenditure	411	-
Audit fees payable to the Company's auditor for the audit of the Company's annual accounts	40	42
Operating lease rentals		
- Plant and machinery	365	26
- Land and buildings	2,405	1,065
Amortisation of goodwill (note 9)	229	72
Government grants	(125)	(48)

5. EMOLUMENTS OF DIRECTORS

None of the directors received any remuneration from the Company during the period.

The directors are remunerated by other group companies. The directors received combined emoluments of £1,198,000 (2013: £838,000) for the 53 week period ended 2 August 2014. It is not practicable to ascertain what proportion of these emoluments relates to the Company.

6. STAFF COSTS

Average weekly number of employees, excluding directors:

	53 weeks ended 2 August 2014 No	27 weeks ended 27 July 2013 No
Production	1,881	1,671
Administration and selling	310	293
	2,191	1,964

Staff costs, excluding directors:

	53 weeks ended 2 August 2014 £'000	27 weeks ended 27 July 2013 £'000
Wages and salaries	40,373	14,676
Social security costs	3,422	1,266
Pension costs	449	172
	44,244	16,114

2 SISTERS RED MEAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 53 week period ended 2 August 2014

7. INTEREST PAYABLE AND SIMILAR CHARGES

	53 weeks ended 2 August 2014 £'000	27 weeks ended 27 July 2013 £'000
Interest on group loans and overdrafts	2,280	206
	2,280	206

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	53 weeks ended 2 August 2014 £'000	27 weeks ended 27 July 2013 £'000
United Kingdom corporation tax		
Current tax on income for the period	254	(478)
Adjustment in respect of prior periods	393	-
Corporation tax	647	(478)
Deferred taxation (note 16)		
Net origination of timing differences	(622)	395
Adjustment in respect of prior periods	(339)	-
Adjustments due to rate changes	-	101
Total deferred taxation	(961)	496
Total tax (credit) / charge on loss on ordinary activities	(314)	18

The corporation tax (credit) / charge is different than the standard UK corporation tax rate of 22.33% (2013: 23.67%). The differences are explained below:

	53 weeks ended 2 August 2014 £'000	27 weeks ended 27 July 2013 £'000
Loss on ordinary activities before taxation	1,406	333
Taxation on profit on ordinary activities at the standard UK Corporation tax rate of 22.33% (2013: 23.67%)	(314)	(79)
Factors affecting the charge:		
Income not chargeable for tax purposes	(10)	-
Expenses not deductible for tax purposes	-	10
Other timing differences	(117)	-
Adjustment in respect of prior periods	393	-
Timing difference – Accelerated Capital Allowances	695	(409)
Corporation tax charge / (credit) for the period	647	(478)

The Finance Act which provides for a reduction in the main rate of corporation tax to 20% effective from 1 April 2015 was substantively enacted on 17 July 2013. This change in legislation has been reflected in the deferred tax balances at 2 August 2014 and 27 July 2013.

2 SISTERS RED MEAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 2 August 2014

9. INTANGIBLE FIXED ASSETS - GOODWILL

	Total £'000
Cost	
At 27 July 2013	3,791
Fair value adjustments (note 11)	643
At 2 Aug 2014	4,434
Accumulated amortisation	
At 27 July 2013	72
Fair value adjustments	11
Charge for the period	229
At 2 Aug 2014	312
Net book value	
At 2 Aug 2014	4,122
At 27 July 2013	3,719

10. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Motor Vehicles £'000	Total £'000
Cost			
At 27 July 2013	10,095	43	10,138
Additions	801	-	801
Disposals	(57)	-	(57)
At 2 Aug 2014	10,839	43	10,882
Accumulated depreciation			
At 27 July 2013	860	4	864
Charge for the period	2,300	14	2,314
Disposals	(21)	-	(21)
At 2 Aug 2014	3,139	18	3,157
Net book value			
At 2 Aug 2014	7,700	25	7,725
At 27 July 2013	9,235	39	9,274

2 SISTERS RED MEAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 53 week period ended 2 August 2014

11. ACQUISITION OF BUSINESS UNDERTAKINGS

On 8 March 2013 the Company acquired the trading assets of the Vion red meat business. The fair value of the total consideration was £14,017,000. Acquisitions are accounted for under the acquisition method. As at 27 July 2013 the fair values assigned to the assets and liabilities acquired were provisional.

During the 53 week period ended 2 August 2014 the fair values assigned to the assets and liabilities acquired were finalised. The adjustments are set out in the following table:

	Provisional fair value £'000	Fair value adjustments £'000	Revised fair value £'000
Fixed assets			
Tangible	9,802	-	9,802
Current assets			
Stocks	35,537	124	35,661
Debtors	14,081	(767)	13,314
Deferred tax	1,169	-	1,169
Cash	229	-	229
Total assets	60,818	(643)	60,175
Creditors			
Trade creditors and other payables	(34,514)	-	(34,514)
Accruals and deferred income	(16,078)	-	(16,078)
Total liabilities	(50,592)	-	(50,592)
Total net assets acquired	10,226	(643)	9,583
Goodwill	3,791	643	4,434
Total consideration			
Satisfied by:			
Cash	14,017	-	14,017
Cash and cash equivalents acquired	229	-	229

12. STOCKS

	2 August 2014 £'000	27 July 2013 £'000
Stock and work in progress	26,539	26,371
Packaging and consumables	4,329	4,256
	30,868	30,627

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

13. DEBTORS

	2 August 2014 £'000	27 July 2013 £'000
Trade debtors	21,231	15,301
Amounts owed by group undertakings	6,354	2,180
Other debtors	2,968	3,027
Prepayments and accrued income	1,219	1,420
Corporation tax	-	477
	31,772	22,405

2 SISTERS RED MEAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 53 week period ended 2 August 2014

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2 August 2014 £'000	27 July 2013 £'000
Bank overdraft	-	1,084
Trade creditors	21,568	28,070
Amounts owed to group undertakings	29,112	14,018
Other taxation and social security	1,277	1,057
Accruals and deferred income	25,830	21,996
Government grants	465	124
Corporation tax	170	-
	78,422	66,349

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

	2 August 2014 £'000	27 July 2013 £'000
Government grant	243	709
	243	709

16. DEFERRED TAXATION

	2 August 2014 £'000	27 July 2013 £'000
Asset at start of period	673	-
Current period charged to the profit and loss account	622	(496)
Adjustments in respect of prior periods	339	-
Acquisition (note 11)	-	1,169
At end of period	1,634	673

Deferred tax assets are analysed as follows:

	2 August 2014 £'000	27 July 2013 £'000
Accelerated capital allowances	1,623	673
Other short term timing differences	11	-
	1,634	673

As at 2 August 2014 the Company had no unrecognised deferred tax (2013: £nil).

2 SISTERS RED MEAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 53 week period ended 2 August 2014

17. CALLED UP SHARE CAPITAL

	2 August 2014 £'000	27 July 2013 £'000
Authorised		
1 Ordinary share of £1 each	-	-
Called up, allotted and fully paid		
1 Ordinary share of £1 each	-	-

18. PROFIT AND LOSS ACCOUNT

	2 August 2014 £'000	27 July 2013 £'000
At start of period	(351)	-
Loss for the financial period	(1,092)	(351)
At end of period	(1,443)	(351)

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)

	2 August 2014 £'000	27 July 2013 £'000
Loss for the financial period	(1,092)	(351)
Opening shareholders' deficit	(351)	-
Closing shareholders' deficit	(1,443)	(351)

20. PENSION SCHEME

Defined contribution scheme

The Company contributes to defined contribution schemes for all qualifying employees. The total cost charged in the 53 week period ended 2 August 2014 to the profit and loss account of £449,000 (27 week period ended 27 July 2013: £172,000) represents contributions payable to these by the Company at rates specified in the rules of the plans. At 2 August 2014 contributions of £37,000 (2013: £nil) due in respect of the current reporting period had not been paid over to the scheme.

2 SISTERS RED MEAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) 53 week period ended 2 August 2014

21. FINANCIAL COMMITMENTS

Capital commitments

There were capital commitments of £nil at 2 August 2014 (2013: £nil) provided for at the period end and £459,000 (2013: £nil) capital commitments contracted for but not provided for.

Operating lease commitments

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

	2 August 2014 £'000	27 July 2013 £'000
Land and building leases expiring		
- Within two to five years	2,106	2,106
	2,106	2,106
Plant and machinery leases expiring		
- Within one year	33	23
- Within two to five years	289	339
	322	362

22. CONTINGENT LIABILITY

Long term funding for the Group is provided primarily through two tranches of Senior Loan Notes; £580m with 5 and 7 year maturities and a euro note of €300m with a 7 year maturity. In addition, the Group also has a £60m Revolving Credit Facility which remained undrawn during the period and at the period end. The Company and other Group subsidiary companies are guarantors in respect of the Senior Loan Notes, whereby they absolutely and unconditionally guarantee the principal and interest on the Senior Loan Notes. The same companies are cross guarantors in respect of the £60m Revolving Credit Facility. The total bond value as at 2 August 2014 per the Boparan Holdings Group accounts was £809.4m net of fees (2013: £676.7m) however the individually guaranteed amount is not readily available.

23. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 8, as a wholly owned subsidiary of Boparan Holdings Limited, not to disclose related party transactions with other wholly owned members of the Group.

The Company incurred rental charges in the 53 week period ended 2 August 2014 of £2,411,000 (27 week period ended 27 July 2013: £1,064,000) from Wales & West England Limited, a related party by virtue of common ownership. At 2 August 2014 the Company had amounts receivable due from Wales & West England Limited of £331,000 (2013: £nil) and amounts payable of £81,000 (2013: £496,000).

The Company has an outstanding debtor of £140,000 (2013: £140,000) with Holmes Hall Limited, a related party by virtue of common ownership.

24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company is a wholly owned subsidiary of Boparan Holdings Limited, a company registered in England and Wales. The parent company of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Boparan Holdings Limited. The parent company of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Boparan Holdco Limited, registered in England and Wales. As at 2 August 2014, Boparan Holdco Limited was also the Company's ultimate parent undertaking. Copies of the consolidated financial statements can be obtained from the Company's registered office.

RS Boparan and BK Boparan are the ultimate controlling parties.