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Anglo Beef Processors
Directors' Report and Financial Statements
Year Ended 1 April 2007
Company Reference Number 2925718

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Anglo Beef Processors

**Directors' Report and Financial Statements
Year Ended 1 April 2007**

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Anglo Beef Processors

Year Ended 1 April 2007

Directors and Other Information

Directors

R Cracknell
D Fleetwood
L J Goodman
T Kirwan
D Murphy
P McBride

Registered Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Secretary and Registered Office

J McLaughlin
Battlefield Road
Harlescott
Shrewsbury
Shropshire
SY1 4AH
England

Solicitors

Clyde & Company
51 Eastcheap
London
EC3M 1JP
England

Companies Office Number

2925718

Anglo Beef Processors

Report of the Directors

in respect of the year ended 1 April 2007

The directors present their report together with the audited financial statements of the company for the year ended 1 April 2007. The company became unlimited on 26 March 2007.

Principal Activities

The activities of the company are principally the processing and sale, including export, of meat and related activities.

Business Review

The principal activity of Anglo Beef Processors is meat processing, providing a broad range of chilled and frozen meat and meat products for the retail, wholesale and foodservice markets in Europe. In carrying out these activities, Anglo Beef Processors constantly strives to be the preferred partner of multiple retailers, manufacturers and caterers.

There were no significant changes to the business of the company during the year. The main operations are located in the UK.

The following key indicators are relevant in reviewing the development, performance, and position of the business:

- i) *Turnover*
Turnover for the year ended 1 April 2007 amounted to £575m (2006 £551m). The increase in turnover is as a result of increased activity in the UK and other European markets.
- ii) *Operating profit before exceptional items*
During the year ended 1 April 2007 the company's profit before exceptional costs amounted to £18.9m (2006 £6.0m). The directors believe that this was a satisfactory outcome.

Factors impacting on operating profit were a continuing strong demand in UK and Europe for beef and beef products and increased sales volumes in both UK and Europe.

During the year, the expected useful lives of tangible assets of the company were revised to reflect changes in estimates of the remaining useful lives of the assets in use in the business. The impact of this change on the depreciation charge is a reduction of approximately £3.3m.
- iii) *Net assets*
At 1 April 2007 the company's net assets amounted to £113.1m (2006 £125m). The directors are satisfied with the year end position of the company.
- iv) *Environmental factors*
While certain of our operating activities are subject to environmental regulation, there were no significant environmental factors impacting on the results for the year.
- v) *Employee factors*
There were no significant employee factors impacting on the results for the year. The company continues to put an emphasis on maintaining high safety standards at all sites.

Anglo Beef Processors

Report of the Directors

in respect of the year ended 1 April 2007 (continued)

Financial Risk Management

The company's operations expose it to a variety of financial risks that include price risk, foreign exchange risk, credit risk, liquidity risk, interest rate risk, and cash flow risk

The policies in relation to the management of financial risk are set by the board of directors and are implemented by the company's finance department

Price risk

The company is exposed to limited commodity price risk as a result of its operations. This exposure is managed by avoiding long term fixed price contracts. At 1 April 2007, the company had no exposure to equity securities price risk as it held no listed or other equity investments at that date.

Foreign exchange risk

The company is exposed to foreign exchange risks in the normal course of business.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit insurance is taken out on certain customer categories where available. The company has active credit control departments with designated staff who regularly review and follow up all outstanding accounts.

Liquidity risk

The company actively maintains a mix of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations, planned expansions and business development opportunities.

Interest rate and cash flow risk

The company has both interest bearing assets and interest bearing liabilities. The company's policy on managing interest rate exposure is to enter into contracts with a combination of fixed and floating interest rates.

Results and Dividends

The results of the company for the year are set out on pages 8 and 9. The directors do not recommend payment of a dividend (2006 £nil).

Research and Development

The company is committed to the ongoing development of advanced meat processing and packaging techniques and is working in conjunction with some of its major customers and suppliers to sustain consumer confidence and provide a quality product which is traceable, effectively marketed and competitively priced. All related costs are written off as incurred.

Charitable Contributions

During the year the company made a payment totalling £3.75m (2006 £2.25m) to a charitable trust established in the United Kingdom.

Anglo Beef Processors

Report of the Directors

in respect of the year ended 1 April 2007 (continued)

Directors

The names of the persons who were directors at any time during the year ended 1 April 2007 are set out below
Unless indicated otherwise, they served as directors for the entire year

R Cracknell
D Fleetwood
L J Goodman
T Kirwan
D Murphy
P McBride

The directors are not required by the Articles of Association to retire by rotation

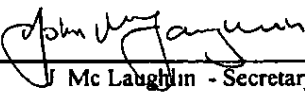
Interests of Directors and Secretary

No contracts of significance in relation to the company existed at any time during the year ended 1 April 2007, in which the directors of the company had any material interest

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board:



J Mc Laughlin - Secretary

11 March 2008

Anglo Beef Processors

Year Ended 1 April 2007

**Directors' Responsibilities Statement
for the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

In preparing those financial statements, the directors are required to

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 the financial statements comply with the Companies Act 1985. 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.

Approved on behalf of the Board:



Director

11 March 2008

Independent Auditors' Report to the Members of Anglo Beef Processors

We have audited the financial statements of Anglo Beef Processors for the year ended 1 April 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes. These financial statements have been prepared under the accounting policies set out on pages 11 to 12

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements We also 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 April 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


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

12 March 2008

Anglo Beef Processors

Profit and Loss Account

for the year ended 1 April 2007

		Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
	Notes		
Turnover	1	<u>575,347</u>	<u>550,934</u>
Operating profit before exceptional costs		18,867	5,993
Exceptional costs	2	<u>(3,750)</u>	<u>(2,250)</u>
Operating profit	4,6	15,117	3,743
Profit on disposal of tangible fixed assets	3	<u>4,347</u>	<u>533</u>
Profit on ordinary activities before taxation and interest		19,464	4,276
Interest payable and similar charges (net)	7	<u>(2,737)</u>	<u>(2,994)</u>
Profit on ordinary activities before taxation		16,727	1,282
Taxation charge on profit on ordinary activities	9	<u>(7,094)</u>	<u>(2,015)</u>
Profit/(loss) for the year		<u>9,633</u>	<u>(733)</u>

In arriving at the profit retained/(loss absorbed) for the year, all amounts above relate to continuing operations

Anglo Beef Processors

Statement of Movement in Retained Profits

for the year ended 1 April 2007

	Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
Retained profits at 2 April 2006	1,250	1,729
Profit/(loss) for the year	9,633	(733)
Actuarial gain in respect of retirement benefits	609	363
Deferred tax liability on actuarial gain	(183)	(109)
Retained profits at 1 April 2007	<u>11,309</u>	<u>1,250</u>

Statement of Total Recognised Gains and Losses

for the year ended 1 April 2007

	Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
Profit/(loss) for the year	9,633	(733)
Actuarial gain in respect of retirement benefits	609	363
Deferred tax liability on actuarial gain	(183)	(109)
Total recognised gains and losses	<u>10,059</u>	<u>(479)</u>

Note of Historical Cost Profits and Losses

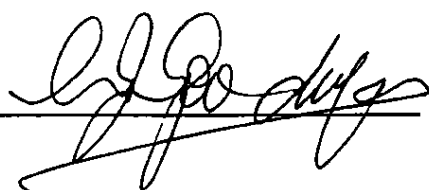
There is no difference between the profit on ordinary activities before taxation and the profit/(loss) for the year stated above and their historical cost equivalents

Anglo Beef Processors

Balance Sheet at 1 April 2007

	Notes	1 April 2007		2 April 2006	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10		50,142		53,510
Financial assets	11		2,000		2,000
			52,142		55,510
Current assets					
Stocks	12	43,853		23,574	
Debtors	13	78,802		63,212	
Cash at bank and in hand		7,531		63	
		130,186		86,849	
Creditors: Amounts falling due within one year	14		(159,411)		(128,243)
Net current liabilities			(29,225)		(41,394)
Total assets less current liabilities			22,917		14,116
Creditors: Amounts falling due in more than one year	15		(3,463)		(4,706)
Provisions for liabilities and charges	16		(5,071)		(5,258)
Capital grants	17		(2,338)		(1,437)
Total net assets before net pension liability			12,045		2,715
Pension liability	24(b)		(736)		(1,465)
Total net assets after net pension liability			11,309		1,250
Capital and reserves					
Called up share capital	19		-		-
Capital reserve	20		-		-
Profit and loss account			11,309		1,250
Equity shareholders' funds	21		11,309		1,250

These financial statements were approved by the board of directors on 11 March 2008


 _____ Director

Anglo Beef Processors

Statement of Accounting Policies and Estimation Techniques

Year Ended 1 April 2007

The significant accounting policies and estimation techniques adopted by the company are as follows

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in the United Kingdom and United Kingdom statute, comprising the Companies Act 1985 Accounting standards generally accepted in the United Kingdom in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in England and Wales and issued by the Accounting Standards Board

The financial statements are prepared under the historical cost convention The preparation of the financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts included in the profit and loss account for the year

Actual results could differ from those estimates Estimates are used principally when accounting for provisions required in respect of doubtful debts, depreciation, impairment charges, pension schemes, provisions for liabilities and charges, including amounts required to settle self insured liabilities, and taxation payable

The financial statements have been prepared under the going concern basis of accounting (see note 27)

Consolidation

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Anglo Beef Processors Holdings, a company incorporated in the United Kingdom, which prepares consolidated financial statements

Taxation

Corporation tax is calculated on the taxable profits for the year as adjusted for group relief Tax losses utilised for group relief are transferred between group members. Charges in respect of the transfer of group relief are determined on a case by case basis

Deferred taxation

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

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

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value

Tangible fixed assets

Tangible fixed assets are carried at cost less accumulated depreciation

Depreciation

Depreciation is calculated so as to write off the cost of each fixed asset during its expected useful life on a straight line basis over the following years:-

	Years
Buildings	40 - 50
Plant & Machinery	5 - 30

Land is not depreciated

During the year, the expected useful lives of tangible assets of the company were revised to reflect changes in the estimated remaining useful lives of the assets in use in the company

Anglo Beef Processors

Statement of Accounting Policies and Estimation Techniques (continued)

Year Ended 1 April 2007

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefits will flow to the company, and the amount of revenue can be measured reliably

Capital grants

Capital grants received and receivable are treated as a deferred credit and are amortised to the profit and loss account on a straight line basis over the expected useful lives of the assets to which they relate

Leased assets

Tangible fixed assets, held under a lease which transfers substantially all of the risks and rewards of ownership to the company, are capitalised as fixed assets. Amounts payable under such leases (finance leases), net of finance charges, are shown as short, medium or long term lease obligations, as appropriate. Interest charges on finance leases are charged to the profit and loss account over the term of the lease

The annual rentals under operating leases are charged to the profit and loss account as incurred

Stocks

Stocks are valued at the lower of cost and net realisable value on a first in, first out basis. Cost is determined by reference to purchase price together with all related production costs incurred in bringing the product to its present location and condition. Net realisable value comprises the actual or expected selling price less all costs to be incurred in marketing, selling and distribution. Provision is made, where necessary, for obsolete and slow moving stocks.

Cash flow statement

Advantage has been taken of the exemptions in Financial Reporting Standard ("FRS") 1, "Cash Flow Statements", which permits companies not to produce a cash flow statement, provided the consolidated financial statements in which the company is included are publicly available

Foreign currencies

Transactions expressed in foreign currencies are translated into Pounds Sterling at the rate of exchange ruling at the date of the transaction. Foreign currency assets and liabilities are translated at the year end exchange rates, except in the case of amounts covered by forward exchange contracts, where the contract rate is substituted. The resulting profits or losses are dealt with in the profit and loss account

Pensions

The company operates a number of pension schemes, including a defined benefit pension scheme. They are funded by the company and by contributions from employees. The assets of the company schemes are administered and maintained by trustees separately from the assets of the company, with independent qualified actuaries as advisors. The actuarial method used to evaluate defined benefit schemes is the projected unit credit method

Actuarial valuations are undertaken every three years or more frequently when circumstances demand

The regular cost of providing retirement benefits to employees during the year and the full cost of providing amendments to benefits in respect of past service are charged to operating profit. A credit representing the expected return on assets held by retirement benefit schemes is included within net interest. This expected return is based on the market value of those assets at the start of the financial year. An interest charge is also included within net interest. This interest charge is the expected increase during the year in the present value of the scheme liabilities because the benefits are a year closer to settlement

Differences between actual and expected returns on assets are recognised in the statement of total recognised gains and losses, together with differences arising from changes in assumptions

Provisions

A provision is defined as a liability of uncertain timing or amount. Provisions are recognised when the company has a legal or constructive obligation as a result of past events and a reliable estimate of that obligation can be made

Anglo Beef Processors

Notes to the Financial Statements

Year Ended 1 April 2007

1 Turnover and segmental reporting

Turnover represents the invoiced value of goods sold and services supplied to third parties exclusive of value added tax

(a) Turnover	Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
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The analysis of turnover by activity is as follows -

Activity:		
Meat Processing	<u>575,347</u>	<u>550,934</u>

(b) Geographical destination and segmental information

Further information relating to the various operating segments of the company is not disclosed as the directors are of the opinion that disclosure of such information would be seriously prejudicial to the interests of the company

2. Exceptional Costs

Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
-------------------------------------	-------------------------------------

Charitable trust donations	<u>3,750</u>	<u>2,250</u>
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During the year the company paid amounts, totalling £3.75m (2006. £2.25m), to a charitable trust established in the United Kingdom

3. Profit on disposal of tangible fixed assets

Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
-------------------------------------	-------------------------------------

Profit on disposal of tangible fixed assets	<u>4,347</u>	<u>533</u>
	<u>4,347</u>	<u>533</u>

During the year the company disposed of certain properties

Anglo Beef Processors

Notes to the Financial Statements (continued)

Year Ended 1 April 2007

4. Operating profit	Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
Turnover	575,347	550,934
Cost of sales	<u>(509,502)</u>	<u>(498,774)</u>
Gross profit	65,845	52,160
Distribution expenses	(17,379)	(16,965)
Administrative expenses	(29,628)	(29,271)
Exceptional costs (see note 2)	(3,750)	(2,250)
Other operating income	29	69
Operating profit	<u>15,117</u>	<u>3,743</u>

5. Employees

The average number of employees, including executive directors, during the year, analysed by category, was as follows

	Year Ended 1 April 2007 Number	Year Ended 2 April 2006 Number
Management	96	101
Production and distribution	1,710	1,724
Administration	<u>188</u>	<u>193</u>
	<u>1,994</u>	<u>2,018</u>

The aggregate payroll costs of these employees, including executive directors, were as follows

	Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
Wages and salaries	40,029	37,310
Social welfare costs	3,797	3,508
Pension costs	<u>228</u>	<u>738</u>
	<u>44,054</u>	<u>41,556</u>

Anglo Beef Processors

Notes to the Financial Statements (continued)

Year Ended 1 April 2007

	Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
6. Operating profit		
The operating profit is stated after charging /(crediting)		
Depreciation on tangible fixed assets		
- owned assets	2,796	5,485
- leased assets	1,525	1,525
	<u>4,321</u>	<u>7,010</u>
Auditors' remuneration	<u>135</u>	<u>130</u>
Operating lease rentals		
- plant and machinery	897	964
- other	277	226
	<u>1,174</u>	<u>1,190</u>
Exchange loss/(gain) on net foreign currency monetary assets	<u>13</u>	<u>(29)</u>
Amortisation of capital grants	<u>(164)</u>	<u>(133)</u>
 7. Interest payable and similar charges (net)		
Year Ended		
	1 April 2007	2 April 2006
	£'000	£'000
Interest payable and similar charges on bank loans and overdrafts wholly repayable within 5 years	85	170
Interest payable and similar charges to group companies	2,581	2,742
Other interest payable	75	84
Interest receivable	(4)	(2)
	<u>2,737</u>	<u>2,994</u>
 8. Emoluments of directors		
Year Ended		
	1 April 2007	2 April 2006
	£'000	£'000
Directors' emoluments	<u>434</u>	<u>785</u>

The emoluments of the highest paid director were £0 224m (2006 £0 334m).

The highest paid director in office at 1 April 2007, is a member of a defined benefit scheme, under which the accrued pension to which he would be entitled from normal retirement date if he were to retire at the year end, was £28,333 (2006. £49,070)

	Year Ended 1 April 2007 Number	Year Ended 2 April 2006 Number
Retirement benefits accrue to the following number of directors under		
Defined benefit schemes	<u>2</u>	<u>3</u>

Anglo Beef Processors

Notes to the Financial Statements (continued)

Year Ended 1 April 2007

9 Taxation on profit on ordinary activities

	Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
(a) Analysis of charge for year		
Current tax:		
United Kingdom corporation tax on profits of the year	3,156	299
Under charge in respect of prior years	4,332	-
	7,488	299
Deferred Tax:		
Pension cost relief in excess of pension cost charge	130	248
Origination and reversal of timing differences (note 17(b))	(524)	1,468
	7,094	2,015

(b) Factors affecting corporation tax charge for the year

The tax assessed for the year differs from the charge that would result from applying the standard rate of corporation tax in the United Kingdom of 30% (2006 30%) The differences are explained below -

	Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
Profit on ordinary activities before taxation	16,727	1,282
Profit on ordinary activities multiplied by the average rate of corporation tax 30% (2006 30%)	5,018	385
Effects of:-		
Capital allowances in excess of depreciation	(835)	(251)
Expenses not deductible for tax purposes, including timing differences (net)	277	940
Income not chargeable	(1,304)	-
Utilisation of tax losses	-	(200)
Tax losses surrendered from group companies	-	(735)
Capital gains on asset disposal	-	160
Under charge in respect of prior years	4,332	-
Corporation tax charge for the year	7,488	299

Anglo Beef Processors

Notes to the Financial Statements (continued)

Year Ended 1 April 2007

10. Tangible Assets	Land & Buildings £'000	Plant & Equipment £'000	Total £'000
Cost			
At 2 April 2006	36,862	46,778	83,640
Additions	1,757	4,260	6,017
Reclassification	(886)	886	-
Transfers from other group companies	-	783	783
Disposals	<u>(7,688)</u>	<u>(1,260)</u>	<u>(8,948)</u>
At 1 April 2007	<u>30,045</u>	<u>51,447</u>	<u>81,492</u>
Depreciation			
At 2 April 2006	6,098	24,032	30,130
Charge for the year	617	3,704	4,321
Reclassification	(60)	60	-
Disposals	<u>(1,841)</u>	<u>(1,260)</u>	<u>(3,101)</u>
At 1 April 2007	<u>4,814</u>	<u>26,536</u>	<u>31,350</u>
Net Book Value at 1 April 2007	<u>25,231</u>	<u>24,911</u>	<u>50,142</u>
Net Book Value at 2 April 2006	<u>30,764</u>	<u>22,746</u>	<u>53,510</u>

Included in the net book value of the company's plant and equipment is £4.5m (2006 £6.025m) in respect of assets held under lease agreements. Depreciation for the year in respect of assets held under lease agreements was £1.525m (2006 £1.525m). The lease agreements are with Maldome, the company's immediate parent company.

11. Financial Assets	1 April 2007 £'000	2 April 2006 £'000
Investments in subsidiary entities	<u>2,000</u>	<u>2,000</u>

In the opinion of the directors, the net realisable value of the above subsidiary is not less than the carrying value.

Particulars of subsidiary undertakings

Name	Nature of Business	Ordinary Shares Held	Percentage	Country of Registration
Lurgan Chilling	Dormant	1,000,000 of £1 each	100%	Northern Ireland
Freshlink Foods	Dormant	1 of £1 each	100%	UK

12. Stocks	1 April 2007 £'000	2 April 2006 £'000
Raw materials, consumables and work in progress	38,606	16,110
Finished goods and goods for resale	<u>5,247</u>	<u>7,464</u>
	<u>43,853</u>	<u>23,574</u>

The estimated replacement cost of stocks are not considered to be materially different from their balance sheet value.

Anglo Beef Processors

Notes to the Financial Statements (continued)

Year Ended 1 April 2007

13 Debtors	1 April 2007 £'000	2 April 2006 £'000
Amounts falling due within one year		
Trade debtors	36,382	37,273
Amounts owed by group companies	35,542	21,751
Prepayments, sundry debtors and accrued income	6,878	4,188
	78,802	63,212
14. Creditors: Amounts falling due within one year	1 April 2007 £'000	2 April 2006 £'000
Bank loans and overdrafts	16,420	6,580
Trade creditors	24,882	20,754
Amounts owed to group companies	83,241	75,611
Other creditors	17,146	16,484
Taxation and social welfare	9,286	1,787
Accruals and deferred income	7,193	5,292
Obligations under finance leases with group companies (note 15)	1,243	1,735
	159,411	128,243
Taxation and social welfare includes -	1 April 2007 £'000	2 April 2006 £'000
PAYE	567	509
VAT	-	11
Corporation Tax	8,117	679
Other Taxes	5	5
	8,689	1,204
Social Welfare	597	583
	9,286	1,787
15. Creditors: Amounts falling due in more than one year	1 April 2007 £'000	2 April 2006 £'000
Obligations under finance lease with group companies	3,463	4,706
	3,463	4,706
Obligations under finance leases with group companies are repayable as follows.	1 April 2007 £'000	2 April 2006 £'000
Within one year	1,243	1,735
Between one and two years	1,326	1,243
Between two and five years	1,919	2,819
In more than five years	218	644
	4,706	6,441

Anglo Beef Processors

Notes to the Financial Statements (continued)

Year Ended 1 April 2007

16. Provisions for liabilities and charges

	Deferred Taxation £'000	Other £'000	Total £'000
At 2 April 2006	3,020	2,238	5,258
Utilised during the year	-	(383)	(383)
Profit and loss account	(524)	720	196
At 1 April 2007	<u>2,496</u>	<u>2,575</u>	<u>5,071</u>

The company is partially self insured in respect of certain categories of risk. Management assess the risks outstanding on a claim by claim basis with the assistance of a loss adjustor. Appropriate provision for incidents, which have not yet resulted in a claim at year end, is included. The payments will be made as the cases are settled.

Deferred Taxation	1 April 2007 £'000	2 April 2006 £'000
Capital allowances in excess of depreciation	2,980	3,504
Provisions and accruals	(484)	(484)
Net liability	<u>2,496</u>	<u>3,020</u>

The movement in the full potential deferred tax liability is as follows

	1 April 2007 £'000	2 April 2006 £'000
Opening balance - net liability	3,020	1,552
(Credit)/charge for year	(524)	1,468
Closing balance - net liability	<u>2,496</u>	<u>3,020</u>

17. Capital grants

	1 April 2007 £'000	2 April 2006 £'000
At 2 April 2006	1,437	530
Received during the year	1,065	1,040
Amortised to profit and loss account	(164)	(133)
At 1 April 2007	<u>2,338</u>	<u>1,437</u>

Anglo Beef Processors

Notes to the Financial Statements (continued)

Year Ended 1 April 2007

18. Guarantees

Group borrowings

In December 2005, Irish Food Processors, a group company, raised US\$125m (US\$97m (series A) and US\$28m (series B) respectively) and £9m (series C) of senior unsecured notes in a private placement with US institutional investors. The Series A notes are repayable by annual instalments of US\$13.85m commencing on 22 December 2009. The Series B and C notes are due and payable in full on their maturity dates of 22 December 2015 and 22 December 2017 respectively.

In February 2003, a group company raised US\$60m (£37.2m) of senior unsecured notes in a private placement with US institutional investors. These notes are repayable by annual instalments of US\$12m commencing on 14 February 2006. The amount outstanding in respect of these loan notes at 1 April 2007 was US\$36m (£7.4m).

The US dollar liabilities, and the related funds received, have been swapped into Euro at fixed rates. As a result, the group's repayment obligations have been effectively converted into Euro and sterling obligations. Anglo Beef Processors and certain other companies within the IFP Holdings Unlimited group have guaranteed the repayment of the US\$ senior unsecured notes.

19. Called up share capital	1 April 2007 £	2 April 2006 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, Called Up and Fully Paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

20. Capital reserve

In accordance with the company's accounting policy negative goodwill arising on the acquisitions pre 1 April 1998 credited to reserves amounted to £11.5m. The negative goodwill will be credited in the profit and loss account should the company dispose of the businesses to which it related.

21. Reconciliation of movement in shareholders' funds	Year Ended 1 April 2007 £'000	Year Ended 2 April 2006 £'000
The movement in shareholders' funds is as follows.		
Profit/(loss) for the year	9,633	(733)
Actuarial gain in respect of retirement benefits	609	363
Deferred tax liability on actuarial gain	<u>(183)</u>	<u>(109)</u>
Net increase/(decrease) in shareholders' funds	10,059	(479)
Opening shareholders' funds	<u>1,250</u>	<u>1,729</u>
Closing shareholders' funds	<u>11,309</u>	<u>1,250</u>

22. Commitments

Capital commitments

Capital commitments at the balance sheet date amounted to £2.387m (2006 £1.287m).

Anglo Beef Processors

Notes to the Financial Statements (continued)

Year Ended 1 April 2007

23. Contingent liabilities

Bonds and guarantees

The company has provided guarantees in respect of bonds required in respect of self insured liabilities of £5.5m (2006 £8.4m). No liability is expected to arise in respect of these guarantees.

24. Pensions

(a) The total pension cost for the company for the year ended 1 April 2007 was £0.228m (2006, £0.738m)

Pensions for certain employees and executive directors were funded through an externally funded defined benefit scheme. This scheme is vested in trustees nominated by the company for the sole benefit of the employees and their dependents. The pension costs and liabilities were assessed by a professionally qualified actuary in April 2005 and updated to 01 April 2007.

The employer contribution during the financial year was £93,000, equivalent to 14.8% of pensionable pay until 31 July 2006, when the Scheme closed to future accrual of benefits. No contributions are currently paid to the Scheme by the employer. This is expected to continue until reviewed following the triennial valuation of the scheme due as at 1 April 2008.

The combined market value of assets at their last actuarial review amounts to £10.7m. After allowing for expected future inflation, the total value of scheme assets were sufficient to cover 91% of the value of the pension scheme's accrued benefits based on expected future earnings.

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures

The company operated a defined benefit scheme. A full actuarial valuation was carried out in April 2005 and was updated at 1 April 2007 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary.

The main financial assumptions used in the valuation were:

	1 April 2007	2 April 2006	27 March 2005	31 March 2004	31 March 2003
Rate of increase in salaries	n/a	4%	4%	4%	3.5%
Rate of increase in pensions in payment	3.2%	3%	3%	3%	3%
Discount rate	5.3%	5%	5.25%	5.5%	5%
Inflation assumption	3.2%	3%	3%	3%	2.5%

The assets in the scheme and the expected rate of return were:

	Market Value at 1 April 2007 £'000	Market Value at 2 April 2006 £'000	Market Value at 27 March 2005 £'000	Market Value at 31 March 2004 £'000	Market Value at 31 March 2003 £'000
Equities	5,920	5,620	4,534	3,984	3,021
Bonds	715	679	539	592	668
Property	-	-	29	29	119
Cash	4,136	4,278	2,725	2,032	999
	10,771	10,577	7,827	6,637	4,807

Anglo Beef Processors

Year Ended 1 April 2007

Notes to the Financial Statements (continued)

24. Pensions (continued)

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures - continued

	Long -term rate of return expected at 1 April 2007	Long -term rate of return expected at 2 April 2006	Long -term rate of return expected at 27 March 2005	Long -term rate of return expected at 31 March 2004	Long -term rate of return expected at 31 March 2003
Equities	7%	7%	7%	7%	7%
Bonds	4.8%	5%	5.25%	5.5%	5%
Property	n/a	7%	7%	7%	7%
Cash	5.25%	4.25%	4.755%	4%	4%

The following amounts were measured in accordance with the requirements of Financial Reporting Standard 17

	1 April 2007 £'000	2 April 2006 £'000	27 March 2005 £'000	31 March 2004 £'000	31 March 2003 £'000
Total market value of assets	10,771	10,577	7,827	6,637	4,807
Present value of scheme liabilities	(11,821)	(12,669)	(11,107)	(8,922)	(8,777)
Deficit in the scheme	(1,050)	(2,092)	(3,280)	(2,285)	(3,970)
Related deferred tax asset	314	627	984	685	1,191
Net pension liability	(736)	(1,465)	(2,296)	(1,600)	(2,779)

The following amounts have been recognised in respect of the defined benefit pension scheme

	1 April 2007 £'000	2 April 2006 £'000	27 March 2005 £'000	31 March 2004 £'000
Operating profit				
Current service cost		(106)	(341)	(267)
Curtailment gain/(settlement costs)		461	-	(22)
Net credit/(charge) included in operating profit		355	(341)	(289)
Other finance costs				
Expected return on pension scheme assets (income)		599	518	411
Interest on pension scheme liabilities (costs)		(614)	(595)	(492)
		(15)	(77)	(81)
Statement of total recognised gains and losses				
Actual return less expected return on pension scheme assets		(62)	890	220
Experience gains and losses arising on the scheme liabilities		214	330	(95)
Changes in assumptions underlying the present value of the scheme liabilities		457	(857)	(1,544)
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses		609	363	(1,419)
				1,290

Anglo Beef Processors

Year Ended 1 April 2007

Notes to the Financial Statements (continued)

24 Pensions (continued)

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures - continued

Movement in deficit during the year	1 April 2007 £'000	2 April 2006 £'000	27 March 2005 £'000	31 March 2004 £'000
Deficit in scheme at 2 April 2006	(2,092)	(3,280)	(2,285)	(3,970)
Movement in year				
Curtailment gain/(settlement costs)	461	-	(22)	-
Current service cost	(106)	(341)	(267)	(284)
Contributions paid	93	1,243	794	809
Other finance costs	(15)	(77)	(81)	(130)
Actuarial gain/(loss)	609	363	(1,419)	1,290
Deficit in scheme at 1 April 2007	<u>(1,050)</u>	<u>(2,092)</u>	<u>(3,280)</u>	<u>(2,285)</u>

Experience gains and losses

Difference between the expected and actual return on scheme assets	(62)	890	220	603
Percentage of scheme assets	(1%)	8%	3%	9%
Experience gains and losses on scheme liabilities	214	330	(95)	227
Percentage of the present value of the scheme liabilities	2%	3%	1%	(3%)
Total recognised in statement of total recognised gains and losses	609	363	(1,419)	1,290
Percentage of the present value of the scheme liabilities	5%	3%	13%	(14%)

25. Group Membership and Ultimate Controlling Party

The company is a subsidiary of IFP Holdings Unlimited. Anglo Beef Processors Holdings, a company incorporated in the United Kingdom, is the immediate parent company. The smallest group into which the results of the company are consolidated is Anglo Beef Processors Holdings. The consolidated financial statements of Anglo Beef Processors Holdings are available from Companies House, Crown Way, Mandy, Cardiff.

Mr L. J. Goodman, or entities connected with or controlled by him, have a beneficial interest in 100% of the share capital of the company.

Anglo Beef Processors

Year Ended 1 April 2007

Notes to the Financial Statements (continued)

26. Related Party Transactions

During the year the company paid a fee for technical assistance of £7.4m (2006 £5.8m) to a fellow subsidiary. The company also paid a fee of £8.0m (2006 £7.2m) in consideration for entering into a supply agreement with a fellow subsidiary company.

Other than in respect of the above transactions, the company has availed of the exemption contained in FRS 8 "Related Party Disclosures" in respect of subsidiary undertakings, 90 per cent or more of, whose voting rights are controlled within a group. Consequently, the financial statements do not contain disclosure of transactions with entities in the IFP Holdings Unlimited group.

27. Post Balance Sheet Events and Going Concern

Since the year end, the directors have renegotiated the repayment terms in respect of certain payments due to group companies. In March 2008, a fellow subsidiary company agreed that it will not seek repayment of £30m, of the amount due at 1 April 2007, for at least 12 months from the date of approval of these financial statements unless by agreement.

On this basis, the directors are satisfied that the company has sufficient resources to meet their liabilities as they fall due and it is appropriate to prepare the financial statements under the going concern basis of accounting.

28. Reporting Currency

The currency used in these financial statements is pounds sterling denoted by the symbol £.

29. Company status

The company re-registered as unlimited on 26 March 2007.

30. Approval of Financial Statements

The financial statements were approved by the directors on 11 March 2008.