

Notes to the Company financial statements

38 Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 1985. As permitted by that act, the separate financial statements have been prepared in accordance with IFRS.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those detailed in note 2 of the Consolidated financial statements, except as set out below:

Investments in subsidiaries are stated at cost less any provision for impairment.

39 Loss for the period

Of the Group profit for the period, a loss of £76.1m (2007/08: profit of £99.6m) has been dealt with in the accounts of the parent company. In accordance with the exemptions allowed by section 230(3) of the Companies Act 1985, the parent company has not presented its own income statement.

40 (Loss)/profit from operations

A detailed analysis of auditors' remuneration is provided below:

	2009 Deloitte LLP £'000	2008 Deloitte LLP £'000
Audit services		
Fees payable to the Company's auditors for the audit of the Group's Annual report	85	80
	85	80
Other services		
Other services supplied pursuant to such legislation – Half year review	38	37
Other services – Accounting advice	–	30
Other	–	20
	38	87
Tax services		
Advisory services	142	119
Compliance	139	143
	281	262
Total	404	429

Deloitte LLP were appointed sole Group auditors for both the current and prior period.

41 Staff costs

The average monthly number of employees (including executive directors) was:

	2009 number	2008 number
Administration	260	284

Aggregate remuneration comprised:

	2009 £m	2008 £m
Wages and salaries	8.9	9.0
Social security costs	1.1	1.1
Other pension costs	0.8	0.8
	10.8	10.9

42 Property, plant and equipment

	Freehold property £m	Leasehold property £m	Plant, fixtures and vehicles £m	Total £m
Cost or valuation:				
At start of prior period	113.1	16.1	24.6	153.8
Additions	–	–	0.1	0.1
Disposals	(5.1)	–	–	(5.1)
Reclassifications	0.1	–	(0.1)	–
Group transfers	–	–	0.1	0.1
At start of period	108.1	16.1	24.7	148.9
Additions	–	–	1.2	1.2
At end of period	108.1	16.1	25.9	150.1
Accumulated depreciation and impairment losses:				
At start of prior period	37.1	3.7	14.9	55.7
Charge for period	2.1	0.3	2.0	4.4
Restructuring provision for impairment	–	–	1.3	1.3
Disposals	(0.7)	–	–	(0.7)
At start of period	38.5	4.0	18.2	60.7
Charge for period	1.7	0.3	1.7	3.7
Restructuring provision for impairment	13.1	–	–	13.1
At end of period	53.3	4.3	19.9	77.5
Carrying amount:				
At end of period	54.8	11.8	6.0	72.6
At start of period	69.6	12.1	6.5	88.2

At the period end, the Company had entered into contractual commitments for the purchase of property, plant and equipment amounting to £nil (2007/08: £nil).

Impairment charges of £13.1m were incurred during the period, relating to properties that are used within the Chilled segment. The Company impaired these asset values on a fair value less costs to sell basis, using past experience and external sources of information such as open market valuations. The Company performs impairment reviews where there is an indicator of impairment.

The recoverable amounts of other items of property, plant and equipment were determined from value in use calculations. No impairments were identified on these assets. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using the Group's weighted average cost of capital.

The Company prepares cash flow forecasts derived from the most recent financial plans approved by management for the next five years and extrapolates these cash flows in perpetuity using growth assumptions relevant for the business sector. The growth rate does not exceed 3.0% (2007/08: does not exceed 3.0%) and is not considered to be higher than the average long term industry growth rate.

The rate used to discount the forecast cash flows for all CGUs are based on the Group's pre-tax weighted average cost of capital of 11.1% (2007/08: 11.1%).

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continued

43 Investments in subsidiaries

The Company's principal subsidiaries at the period end are as follows:

Directly owned:

Convenience Foods Limited
Northern Foods Grocery Group Limited

Indirectly owned:

F W Farnsworth Limited
Green Isle Foods Limited
Cavaghan & Gray Group Limited
Cavaghan & Gray Limited
Solway Foods Limited
Ethnic Cuisine Limited

The above companies are all wholly owned (ordinary shares), and their principal activities are food manufacture. All are incorporated in the UK except for Green Isle Foods Limited, which is incorporated in the Republic of Ireland.

Subsidiary undertakings:	2009 £m	2008 £m
At start of period	872.5	889.5
Impairment of investments	–	(17.0)
At end of period	872.5	872.5
Long term loans due from subsidiary undertakings	155.5	207.8
	1,028.0	1,080.3

The directors consider the value of investments to be supported by their underlying assets.

44 Trade and other receivables

	2009 £m	2008 £m
Receivables from subsidiary undertakings	414.3	344.0
Other receivables	1.6	4.2
Other prepayments	1.2	1.0
	417.1	349.2

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. The directors consider that the maximum credit risk at the balance sheet date is equivalent to the carrying value of trade and other receivables. None of the above are considered past due or impaired at the period end.

45 Cash and cash equivalents

	2009 £m	2008 £m
Cash and cash equivalents	48.5	58.3
	48.5	58.3

Cash and cash equivalents comprises cash held by the Company and short term bank deposits with an original maturity of three months or less. The directors consider that the carrying amount of these assets to be approximately their fair value.