

We have audited the group and parent company financial statements (the 'financial statements') of Uniq plc for the year ended 31 December 2007 which comprise the group income statement, the group and parent company balance sheets, the group and parent company cash flow statements, the group and parent company statements of recognised income and expenses, and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

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 annual report, the directors' remuneration report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the statement of directors' responsibilities on page 26.

Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited 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 whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information given in the directors' report includes that specific information presented in the chairman's statement, the chief executive's review and the financial review that is cross referred from the business review section of the report of the directors.

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 review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required

to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### 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 and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 and the part of the directors' remuneration report to be audited 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 and the part of the directors' remuneration report to be audited.

### Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2007;
- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the directors' report is consistent with the financial statements.

### KPMG Audit Plc

Chartered Accountants, Registered Auditor  
London, 25 March 2008

# Group income statement

for the year ended 31 December 2007

	Note	Year ended 31 Dec 2007			9 months ended 31 Dec 2006		
		Before significant items £m	Significant items (note 7) £m	Total £m	Before significant items £m	Significant items (note 7) £m	Total £m
<b>CONTINUING OPERATIONS</b>							
Revenue	4	736.1	–	736.1	541.2	–	541.2
Cost of sales		(603.3)	–	(603.3)	(449.6)	(1.7)	(451.3)
<b>Gross profit</b>		<b>132.8</b>	<b>–</b>	<b>132.8</b>	<b>91.6</b>	<b>(1.7)</b>	<b>89.9</b>
Distribution expenses		(46.1)	–	(46.1)	(34.7)	–	(34.7)
Marketing and media expenses		(15.6)	–	(15.6)	(11.1)	–	(11.1)
Administrative expenses		(74.7)	(42.0)	(116.7)	(58.2)	(38.0)	(96.2)
Other operating income		–	–	–	–	3.1	3.1
<b>Operating loss</b>	4,5	<b>(3.6)</b>	<b>(42.0)</b>	<b>(45.6)</b>	<b>(12.4)</b>	<b>(36.6)</b>	<b>(49.0)</b>
Finance income	8	8.1	–	8.1	2.2	–	2.2
Finance expenses	8	(2.6)	(4.0)	(6.6)	(11.7)	–	(11.7)
<b>Profit/(loss) before tax</b>		<b>1.9</b>	<b>(46.0)</b>	<b>(44.1)</b>	<b>(21.9)</b>	<b>(36.6)</b>	<b>(58.5)</b>
Income tax (expense)/credit	9	(0.6)	3.0	2.4	5.9	2.3	8.2
<b>Profit/(loss) from continuing operations</b>		<b>1.3</b>	<b>(43.0)</b>	<b>(41.7)</b>	<b>(16.0)</b>	<b>(34.3)</b>	<b>(50.3)</b>
<b>DISCONTINUED OPERATIONS</b>							
Profit from discontinued operations (net of tax)	22	0.4	226.3	226.7	13.9	4.1	18.0
<b>Profit/(loss) for the period</b>	4,29	<b>1.7</b>	<b>183.3</b>	<b>185.0</b>	<b>(2.1)</b>	<b>(30.2)</b>	<b>(32.3)</b>
Profit/(loss) attributable to equity holders of the company		1.7	183.3	185.0	(2.1)	(30.2)	(32.3)
<b>Earnings per ordinary share</b>	10						
Basic and diluted				162.5p			(28.4)p
Continuing operations				(36.7)p			(44.2)p
Discontinued operations				199.2 p			15.8 p
Average Euro exchange rate				1.46			1.47

The notes on pages 42 to 72 form part of these financial statements.

# Balance sheets

at 31 December 2007

Financial statements

	Note	Group		Company	
		31 Dec 2007 £m	31 Dec 2006 £m	31 Dec 2007 £m	31 Dec 2006 £m
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	162.0	184.8	–	–
Intangible assets	13	45.3	46.2	–	–
Restricted cash	14	90.4	–	–	–
Deferred tax assets	15	31.7	45.0	–	–
Investments	16	–	–	225.2	225.2
		329.4	276.0	225.2	225.2
<b>Current assets</b>					
Inventories	17	51.1	47.3	–	–
Trade and other receivables	18	132.8	123.7	–	48.5
Cash and cash equivalents	19	33.6	9.0	14.2	–
Assets classified as held for sale	20	2.3	22.7	–	–
Income tax assets		–	–	–	2.0
		219.8	202.7	14.2	50.5
<b>Total assets</b>		<b>549.2</b>	<b>478.7</b>	<b>239.4</b>	<b>275.7</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	23	1.1	91.3	–	92.5
Retirement benefit obligations	27	76.0	107.8	–	–
Derivative financial liabilities	26	–	1.0	–	1.0
Provisions	25	15.8	12.6	–	–
Deferred tax liabilities	15	5.2	6.4	–	–
		98.1	219.1	–	93.5
<b>Current liabilities</b>					
Borrowings	23	0.9	1.1	–	–
Trade and other payables	24	194.3	178.1	66.5	6.1
Provisions	25	8.7	18.4	–	–
Income tax liabilities		12.5	12.0	–	–
Liabilities associated with assets classified as held for sale	20	–	20.6	–	–
		216.4	230.2	66.5	6.1
<b>Total liabilities</b>		<b>314.5</b>	<b>449.3</b>	<b>66.5</b>	<b>99.6</b>
<b>Total assets less liabilities</b>		<b>234.7</b>	<b>29.4</b>	<b>172.9</b>	<b>176.1</b>
<b>EQUITY</b>					
<b>Shareholders' equity</b>					
Total called up share capital	28	11.5	11.5	11.5	11.5
Share premium		0.1	0.1	0.1	0.1
Other reserves		(315.3)	(324.6)	–	1.7
Retained earnings		538.4	342.4	161.3	162.8
<b>Total equity attributable to equity holders of the company</b>	29	<b>234.7</b>	<b>29.4</b>	<b>172.9</b>	<b>176.1</b>
Closing Euro exchange rate		1.36	1.48		

The financial statements were approved by the board of directors on 25 March 2008 and signed on its behalf by:  
Geoff Eaton, chief executive  
Martin Beer, finance director

The notes on pages 42 to 72 form part of these financial statements.

# Cash flow statements

for the year ended 31 December 2007

	Group		Company		
	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m	
	Note				
<b>CONTINUING OPERATIONS</b>					
<b>Cash flows from operating activities</b>					
(Loss)/profit before tax		(44.1)	(58.5)	5.5	(6.6)
Net finance (income)/costs		(1.5)	9.5	1.8	6.7
Depreciation and amortisation		21.6	15.9	–	–
Goodwill impairment		2.3	28.6	–	–
Asset impairment		31.6	–	–	–
Charge for share-based payments		0.6	0.6	–	–
Hedging gain included in the income statement		–	–	(1.7)	–
(Gains)/losses on curtailment and settlements on pensions		0.9	(3.1)	–	–
Difference between pension charge and cash contributions		(6.2)	(12.4)	–	–
(Increase)/decrease in inventory		(0.7)	0.2	–	–
(Increase)/decrease in accounts receivable		(0.8)	(23.1)	50.4	2.4
Increase in accounts payable		5.7	9.4	61.2	0.6
Decrease/(increase) in working capital		4.2	(13.5)	111.6	3.0
Decrease in provisions		(9.1)	(2.0)	–	–
<b>Cash generated from/(utilised by) operations</b>		<b>0.3</b>	<b>(34.9)</b>	<b>117.2</b>	<b>3.1</b>
Interest paid		(1.9)	(14.1)	(5.1)	(13.6)
Interest received		6.4	1.8	3.3	2.3
Income tax (paid)/received		(3.7)	0.7	–	–
<b>Net cash generated from/(utilised by) operating activities</b>		<b>1.1</b>	<b>(46.5)</b>	<b>115.4</b>	<b>(8.2)</b>
<b>Cash flows from investing activities</b>					
Purchases of property, plant and equipment		(23.9)	(15.5)	–	–
Proceeds from sale of property, plant and equipment		1.4	0.8	–	–
Purchases of intangible assets		(1.4)	(0.4)	–	–
<b>Net cash outflow from investing activities</b>		<b>(23.9)</b>	<b>(15.1)</b>	<b>–</b>	<b>–</b>
<b>Cash flows from financing activities</b>					
(Repayment of)/proceeds from borrowings		(95.0)	2.9	(92.5)	3.7
Cash included in restricted cash	14	(90.4)	–	–	–
Equity dividends paid		(8.7)	(5.1)	(8.7)	(5.1)
Share options exercised		0.3	0.1	–	–
<b>Net cash outflow from financing activities</b>		<b>(193.8)</b>	<b>(2.1)</b>	<b>(101.2)</b>	<b>(1.4)</b>
<b>DISCONTINUED OPERATIONS</b>					
Net cash from operating activities		(3.5)	17.0	–	–
Net cash from investing activities	21	241.9	35.1	–	–
<b>Net cash from discontinued operations</b>		<b>238.4</b>	<b>52.1</b>	<b>–</b>	<b>–</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>21.8</b>	<b>(11.6)</b>	<b>14.2</b>	<b>(9.6)</b>
Cash and cash equivalents at beginning of period		9.0	19.6	–	6.5
Effect of foreign exchange rate changes		2.8	1.0	–	3.1
<b>Cash and cash equivalents at end of period</b>	19	<b>33.6</b>	<b>9.0</b>	<b>14.2</b>	<b>–</b>
<b>Cash and cash equivalents consist of:</b>					
Cash at bank and in hand	19	33.6	9.0	14.2	–
Bank overdrafts		–	–	–	–
		<b>33.6</b>	<b>9.0</b>	<b>14.2</b>	<b>–</b>

The notes on pages 42 to 72 form part of these financial statements.

# Statements of recognised income and expense

for the year ended 31 December 2007

Financial statements

	Group		Company	
	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
Actuarial gain recognised on the pension schemes	26.3	0.1	–	–
Movement on deferred tax relating to pensions				
– on actuarial gain	(10.1)	(0.1)	–	–
– excess tax relief on contributions paid	–	(4.6)	–	–
Period movement on hedging items				
– amount recognised in equity during the period	(1.1)	(0.6)	–	4.0
– amount removed from equity and included in the income statement	–	(0.9)	1.7	(0.9)
Foreign currency translation differences for foreign operations	10.4	(0.1)	–	–
Net income/(expense) recognised directly in equity	25.5	(6.2)	1.7	3.1
Profit/(loss) for the period	185.0	(32.3)	2.7	(4.6)
<b>Total recognised income and expense for the period</b>	<b>210.5</b>	<b>(38.5)</b>	<b>4.4</b>	<b>(1.5)</b>
<b>Attributable to equity holders of the company</b>	<b>210.5</b>	<b>(38.5)</b>	<b>4.4</b>	<b>(1.5)</b>

# Notes to the financial statements

for the year ended 31 December 2007

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## 1. Accounting policies

### Accounting convention and basis of preparation

Uniq plc is a company incorporated in the UK. The group financial statements consolidate those of the company and its subsidiaries (together referred to as the group). The parent company financial statements present information about the company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS). In publishing the parent company financial statements here together with the group financial statements, the company has taken advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements are prepared on the historical cost basis except for certain financial instruments that are stated at their fair values.

These consolidated financial statements have been prepared in accordance with IFRS, International Accounting Standards (IAS) and related IFRIC interpretations in issue, that have been endorsed by the European Commission and are effective at 31 December 2007, or where the group has chosen to early adopt at 31 December 2007 ('adopted IFRS').

### New accounting policies and future requirements

The following standards or interpretations, issued by the IASB or the IFRIC came into effect during the year and have been adopted by the group:

Amendment to IAS 1 – Presentation of Financial Statements Capital Disclosures

IFRS 7 – Financial Instruments: Disclosures

IFRIC 8 – Scope of IFRS 2

IFRIC 9 – Reassessment of Embedded Derivatives

IFRIC 10 – Interim Financial Reporting and Impairment

The standards listed above did not have a significant effect on the consolidated results or financial position of the group or the company.

The following standards or interpretations, issued by the IASB or the IFRIC, have been adopted by the European Commission, but only become effective for accounting periods after 31 December 2007:

IFRS 8 – Operating Segments, introduces the management approach to segment reporting. IFRS 8, which becomes mandatory for the group's 2009 financial statements, will require disclosure of segment information based on the internal reports regularly reviewed by the chief operating decision maker in order to assess each segment's performance. Under the current reporting standard, the group is presenting the information in the same way as it does to the chief operating decision maker.

IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*, requires a share based payment arrangement in which an entity receives goods and services as consideration for its own equity instruments to be accounted for as an equity settled share based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the group's 2008 financial statements, with retrospective application. The group and the company do not currently believe the adoption of this interpretation will have a significant effect on the consolidated results or financial position.

### Financial year

The financial statements are prepared to reflect trading up to the Saturday nearest to the accounting reference date. This year's income statement covers the 52-week period ended 29 December 2007. Last year's income statement covered the 39 weeks ended 30 December 2006.

### Consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### Foreign currency translation

The consolidated financial statements are presented in pounds sterling, which is the group and the company's presentation currency.

Foreign currency transactions are translated into the respective functional currency of group entities (the currency of the primary economic environment in which an entity operates) using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet;
- Income and expenses are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity. Since the group's date of transition to adopted IFRS, exchange differences arising on the translation of foreign operations have been recognised directly in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### Significant items

Significant items are those items of financial performance which, because of size or incidence, require separate disclosure to enable underlying trading performance to be assessed.

### Revenue recognition

Revenue represents the value of sales to customers outside the group net of discounts, allowances, volume and promotional rebates and other payments to customers and excludes value-added tax. Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivable is reasonably assured.

### Finance charges

Finance charges include the following:

- Exchange differences arising on monetary items and all fair value gains and losses on derivative financial instruments and corresponding adjustments to hedged items under designated fair value hedging relationships;
- Amortisation of finance arrangement fees;
- Discounting on long term balance sheet items;
- Interest payable/receivable on cash and cash equivalents and borrowings; and
- IAS 19 pension finance costs comprising the expected return on pension fund assets less the interest on pension fund liabilities.

### Property, plant and equipment

All property, plant and equipment is shown at cost, less subsequent depreciation and applicable impairment, except for land, which is shown at cost less impairment.

Except for Tooling, depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

- Buildings up to 50 years
- Plant and machinery up to 10 years
- Equipment and motor vehicles up to 6 years
- Land is not depreciated

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Tooling is depreciated over the expected life of supply either by including a proportion of the cost against each item supplied or allocating the cost evenly over the anticipated life of supply. Where the Tooling ceases to be used, the remaining cost is charged in full to the income statement.

### Intangible assets

#### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill arising on acquisitions prior to 31 March 2004 has been retained at the previous UK GAAP amounts subject to being tested for impairment. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated.

# Notes to the financial statements

for the year ended 31 December 2007

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## 1. Accounting policies (continued)

### Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets when it meets the recognition criteria of IAS 38 Intangible Assets. Development costs that have a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit (not exceeding 5 years). Costs incurred on creating new recipes and products do not fall into the definition of research and development. Thus such costs are expensed as incurred.

### Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software and amortised using the straight line method over their estimated useful lives (3 to 5 years). Computer software development costs that are directly associated with the implementation of major business systems are recognised as intangible assets and are amortised using the straight-line method over their estimated useful lives.

### Impairment of assets

#### Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have an indefinite useful life or are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash-generating units.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount being the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the group (group of units) on a pro rata basis.

#### Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that 1 or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in the income statement.

### Leases

Leases are classified as finance leases where substantially all the risks and rewards of ownership are transferred to the group. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Assets acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases other than finance leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

### Inventories

Inventories are stated at the lower of cost, including attributable overhead expenditure, and net realisable value. Cost is determined using the first-in-first-out (FIFO) method.

### Taxation

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. The group's liability for current tax is calculated using rates that have been enacted or substantively enacted at the balance sheet date. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Deferred tax is provided, using the liability method, on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are recognised for all deductible temporary differences except in respect of deductible temporary differences associated with investments in subsidiaries in which case deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

### Share based compensation

In terms of IFRS 2 share based payment, an expense is not recognised in respect of equity settled share options granted before 7 November 2002 and vested before 1 January 2005. The shares are recognised when the options are exercised and the proceeds received are allocated to reserves.

The group operates an equity settled share based compensation plan whereby the company grants share based payments to the employees of its subsidiary companies. The fair value of the options granted under this plan are calculated using a Monte Carlo simulation model, which takes into account the probability of meeting the market based vesting conditions. The total amount to be expensed over the vesting period is determined by reference to the options granted and the estimated number of options expected to vest after adjusting for lapses due to leavers during the vesting period and achievement of any non-market based vesting conditions. At each balance sheet date prior to vesting of the relevant awards the group revises the estimates of the number of options that are expected to vest after adjusting for expected leavers and estimated achievement of non-market based vesting conditions. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

In addition, 1 of the group companies also operates a cash settled share based compensation plan. For cash settled share based compensation plans, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date. The liability is remeasured at each reporting date and at settlement date. Any change in the fair value of the liability is recognised as payroll costs in the income statement.

A deferred tax asset is calculated for outstanding share options based on the current share price at the end of each year, and the relative exercise price. The deferred tax asset is only recognised in the income statement for each share option scheme to the extent that a share based payment expense has been charged in the income statement for that scheme. The remaining deferred tax asset calculated is recognised directly in equity.

### Dividend distribution

Final dividends to shareholders of Uniq plc are recognised as a liability in the period that they are approved by the shareholders.

### Grants

Grants relating to assets are either set up as deferred income or deducted from the asset to arrive at the carrying amount of the asset. It is then recognised in income over the life of the depreciable asset by way of a reduced depreciation charge. A government grant is not recognised until there is a reasonable assurance that it will be received and that the group will comply with the conditions associated with the grant.

### Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits would be required to settle the obligation. A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan and announced its main provisions. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

# Notes to the financial statements

for the year ended 31 December 2007

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## 1. Accounting policies (continued)

### Retirement benefit obligations

The group's companies operate or contribute to various different types of pension schemes. These include both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on 1 or more factors such as age, years of service and pay at or close to the time of retirement.

Actuarial gains and losses are recognised in full in the period in which they occur. As permitted by the standard, actuarial gains and losses are recognised outside profit or loss and presented in the statement of recognised income and expense. The liability recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of plan assets. The discount rate is set by reference to yields on high quality sterling corporate bonds, which is taken to be AA-rated for IAS 19 purposes, taking into account the duration of the scheme's liabilities. The cost of providing benefits is determined using the Projected Unit Credit Method.

Past-service cost is recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service cost is amortised on a straight line basis over the vesting period.

For defined contribution plans, the group pays contributions to company administered or third party pension plans on a contractual basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### Discontinued operations

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

### Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services within a particular economic environment (geographic segment) or in providing related products or services (business segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the group's geographical and business segments. The group's primary format for segment reporting is based on geographical segments.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the group's headquarters), the UK Retirement benefit obligation, head office expenses, cash, borrowings and income tax assets and liabilities.

Segment capital expenditure is the total costs incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

### Financial instruments

#### Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, restricted cash, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are carried at amortised cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits excluding bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statements.

Restricted cash comprises an amount set aside for the main UK fund's pension deficit, which was placed into a secure account in favour of the UK pension fund. This is not included in cash and cash equivalents as it does not meet the definition of cash and cash equivalents.

### Derivative financial instruments

The group uses various derivative financial instruments to manage exposure to foreign exchange risks. These include forward currency contracts and currency swaps. The group also uses interest rate swaps to manage interest rate exposures. The group does not use derivative financial instruments for speculative trading purposes.

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The accounting treatment of derivatives classified as hedging instruments depends on their designation, which occurs on the date that the derivative contract is committed to. The group designates derivatives as:

- A hedge of the exposure to changes in fair value of an asset or liability ('fair value hedge');
- A hedge of the exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or of a highly probable forecasted transaction or the foreign exchange risk of a firm commitment which could affect the profit or loss ('cash flow hedge');
- A hedge of a net investment in a foreign entity or operation; and
- A hedge of variable interest rate debt ('cash flow hedge').

Where a derivative financial instrument is designated as a cash flow hedge of a recognised asset or liability, or a highly probable forecasted transaction, any gain or loss on the derivative financial instrument is recognised directly in equity to the extent it is effective. The cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

For a fair value hedge, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the income statement. Gains or losses from re-measuring the corresponding hedging instrument are recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting and any portion deemed ineffective are recognised in the income statement as they arise.

Where the group hedges net investments in foreign entities through currency borrowing, the gains or losses on the retranslation of the borrowings (up to the opening net investment) are recognised in equity. If the group uses derivatives as the hedging instrument, the effective portion of the hedge is recognised in equity with any ineffective portion being recognised in the income statement. Gains and losses accumulated in equity are recycled through the income statement on disposal of the foreign entity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting or the group revokes designation of the hedging relationship. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the highly probable forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the period. If the forecast transaction is no longer 'highly probable' then the cumulative gain or loss on the hedging instrument recognised in equity is retained and further gains or losses are taken to the income statement.

Interest arising under interest rate swaps is recognised in the income statement in accordance with the group's accounting policy on interest. Interest rate derivatives are revalued to fair value through reserves at the balance sheet date.

Forward exchange contracts (FX contracts) which hedge currency assets and liabilities are recognised in the financial statements together with the assets and liabilities that they hedge. The contract rate is used for translation. Both realised and unrealised gains and losses on FX contracts which hedge future sales and purchases are recognised in the income statement.

Gains and losses on financial instruments that are not related to the group's hedging activities are recognised as finance income or expense. If a financial instrument ceases to be a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any subsequent gains or losses are recognised as finance income or expense.

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect.

# Notes to the financial statements

for the year ended 31 December 2007

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## 2. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Retirement benefit obligations

A number of accounting estimates and judgements are incorporated within the provision for post retirement obligations. These are described in more detail in note 27.

### Share based payments

Note 29 – measurement of share based payments.

### Goodwill

Note 13 – measurement of the recoverable amounts of the cash generating units containing goodwill.

### Provisions

Note 25 – provisions.

### Contingent liabilities

Note 30 – contingent liabilities.

### Taxation

The group operates across Europe and there are many transactions and calculations for which the ultimate tax determination is uncertain. Significant judgement is required in determining the group's tax assets and liabilities. Deferred tax assets have been recognised to the extent they are recoverable based on profit projections for future years approved by senior management. Income tax liabilities for anticipated issues have been recognised based on estimates on whether additional tax will be due. Notwithstanding the above, the group believes that it will fully recover all tax assets and has adequate tax provisions to cover all risks across all business operations.

## 3. Financial risk management

### Overview

The group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the group's exposure to each of the above risks and the group's policies and processes for measuring and managing these risks. The risks are managed centrally following board approved policies. The group operates a centralised treasury function in accordance with board approved policies and guidelines covering funding and management of foreign exchange exposure and interest rate risk. Transactions entered into by the treasury function are required to be in support of, or as a consequence of, underlying commercial transactions.

Exposure to interest rate fluctuations are partly managed through the use of interest rate swaps and forward rate agreements. Objectives for the mix between fixed and floating rate borrowings are established by the board so as to seek to reduce the impact of adverse variations in interest rates on the group's profit and cash flow.

The group does not engage in holding speculative financial instruments or their derivatives. Further quantitative disclosures are included throughout these consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework.

An embedded risk management process is in place, which seeks to identify the most significant risks facing each business and the group, and reports on how those risks are being managed. This process requires the business divisions to produce risk registers identifying and evaluating significant risks which may affect their business and to consider what action can and should reasonably and cost effectively be taken to reduce them to an acceptable level. The process culminates in the production of a group risk register including a review of significant central risks. This register and the divisional action plans for addressing risk are reviewed and maintained on an ongoing basis.

The group audit committee reviews the risk review procedure carried out by the group with the aim of ensuring that, where possible and appropriate to do so in the context of the business, reasonable steps are taken by the group to mitigate such risks.

### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities.

### Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The majority of the group's customers are large, established retail organisations with good credit records and thus have a lower risk of default. Most of them have been transacting with the group for a number of years. The group assigns credit limits to its customers based on a review of external credit ratings. The group's policy is to provide for bad debts based on the specific circumstances of each debtor. Approximately 27% of the group's revenue is attributable to sales transactions with a single customer. This customer pays within 14 days thus the group has no significant concentration of credit risk.

### Cash and cash equivalents

The group limits its exposure to credit risk by only using banks with a credit rating of at least Aaa from Moody's and AA from Standard and Poor's. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

### Guarantees

The group's policy is to provide financial guarantees only to wholly owned subsidiaries.

### Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach is to monitor cash flow forecasts on a weekly basis to ensure that it has sufficient liquidity to meet its liabilities when they become due. The group also maintains the following lines of credit:

- £ 10m multi currency overdraft facility that is unsecured. Interest would be payable at a rate of LIBOR plus 95 basis points; and
- £ 40m revolving credit working capital facility that can be used to meet short term financing needs. This facility expires in March 2010 and interest is payable at a rate of LIBOR plus 95 basis points.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

### Currency risk

The group is exposed to foreign currency on sales, purchases, borrowings and the translation of earnings in a currency other than the functional currency of the business unit. Exposures are primarily to the Euro and Polish Zloty.

Contracted transactional exposures are fully hedged at the point in time when they become contracted. Forecast transactional exposures are reviewed and hedged on a case by case basis. Hedging is achieved using forward foreign exchange contracts.

Due to the group's investment in both UK and European operations, it operates a policy of maintaining liabilities split between these 2 currencies.

In the event of the group drawing down on the banking facility, the ratio of Sterling:Euro liabilities mirror the Sterling:Euro split of trading capital employed.

### Interest rate risk

The group's objective is to minimise the impact of interest rate volatility on interest cost to protect earnings. This is achieved by reviewing both the amount of floating rate indebtedness over a certain period of time and its sensitivity to interest rate fluctuations. From time to time, the group may take out interest rate swaps in order to fix the group's exposure to interest rates on floating debt. At year end, none of the facility of the group had been utilised, thus the group's exposure to interest rate risk was minimal.

### Other market price risk

Equity price risk arises from available-for-sale equity securities held for meeting partially the unfunded portion of the group's defined benefit pension obligations. The group's pension Trustees are responsible for setting investment principles in place. The funds are predominantly held in equity investments, bonds and/or gilts in such proportions as the Trustees, guided by the investment advisors, consider appropriate from time to time. At year end the split between equity, bonds and other assets was 61%, 36% and 3%, respectively.

### Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on trading capital employed ('ROTCE') for each operating division as well as for the group. The board defines ROTCE as operating income/(loss) divided by trading capital employed, which is defined as net assets plus net debt/cash and IAS 19 retirement benefit obligations.

As part of the agreement on scheme specific funding, the group agreed to obtain trustee approval if it wishes to borrow secured funds greater than £25m or sell any business greater than £25m. There were no other changes to the group's approach to capital management during the year.

# Notes to the financial statements

for the year ended 31 December 2007

## 4. Segmental analysis

### Geographic segment

The primary segment reporting format is determined to be the geographical segments as the group's risks and rates of return are affected predominantly by the location of its customers. The group has 3 geographical segments, namely the United Kingdom, Northern Europe and France. Northern Europe consists of Germany, The Netherlands and Poland. Each segment's location of customers and location of assets are similar.

	Year ended 31 Dec 2007						
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & Corporate £m	Continuing operations £m	Discontinued operations £m	Consolidated £m
<b>Revenue</b>							
External revenue	345.2	208.6	182.3	–	736.1	2.5	738.6
Inter-segment revenue	1.3	0.6	0.8	(2.7)	–	–	–
<b>Total segment revenue</b>	<b>346.5</b>	<b>209.2</b>	<b>183.1</b>	<b>(2.7)</b>	<b>736.1</b>	<b>2.5</b>	<b>738.6</b>
<b>Result</b>							
Segment result before significant items	5.9	(3.4)	0.2	(6.3)	(3.6)	0.6	(3.0)
Significant items	(31.1)	(9.4)	(3.1)	1.6	(42.0)	–	(42.0)
<b>Segment result after significant items</b>	<b>(25.2)</b>	<b>(12.8)</b>	<b>(2.9)</b>	<b>(4.7)</b>	<b>(45.6)</b>	<b>0.6</b>	<b>(45.0)</b>
Interest expense					(6.6)	–	(6.6)
Interest income					8.1	–	8.1
Income tax credit/(expenses)					2.4	(0.2)	2.2
Profit from discontinued operations (net of tax)					–	226.3	226.3
<b>(Loss)/profit for the period</b>					<b>(41.7)</b>	<b>226.7</b>	<b>185.0</b>

	9 months ended 31 Dec 2006 (restated)						
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & Corporate £m	Continuing operations £m	Discontinued operations £m	Consolidated £m
<b>Revenue</b>							
External revenue	258.0	160.0	123.2	–	541.2	78.4	619.6
Inter-segment revenue	2.6	2.1	0.7	(5.4)	–	–	–
<b>Total segment revenue</b>	<b>260.6</b>	<b>162.1</b>	<b>123.9</b>	<b>(5.4)</b>	<b>541.2</b>	<b>78.4</b>	<b>619.6</b>
<b>Result</b>							
Segment result before significant items	(1.8)	(1.7)	(3.9)	(5.0)	(12.4)	21.1	8.7
Significant items	(1.7)	(25.5)	(9.4)	–	(36.6)	–	(36.6)
<b>Segment result after significant items</b>	<b>(3.5)</b>	<b>(27.2)</b>	<b>(13.3)</b>	<b>(5.0)</b>	<b>(49.0)</b>	<b>21.1</b>	<b>(27.9)</b>
Interest expense					(11.7)	–	(11.7)
Interest income					2.2	–	2.2
Income tax credit/(expenses)					8.2	(7.2)	1.0
Profit from discontinued operations (net of tax)					–	4.1	4.1
<b>(Loss)/profit for the period</b>					<b>(50.3)</b>	<b>18.0</b>	<b>(32.3)</b>

## 4. Segmental analysis (continued)

	31 Dec 2007						
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & Corporate £m	Continuing operations £m	Discontinued operations £m	Consolidated £m
Segment assets	145.4	119.4	122.1	94.7	481.6	2.3	483.9
Other assets					65.3	–	65.3
<b>Consolidated assets</b>					<b>546.9</b>	<b>2.3</b>	<b>549.2</b>
Segment liabilities	67.8	69.6	81.9	75.5	294.8	–	294.8
Other liabilities					19.7	–	19.7
<b>Consolidated liabilities</b>					<b>314.5</b>	<b>–</b>	<b>314.5</b>

	Year ended 31 Dec 2007						
Capital expenditure (including software)	9.9	6.2	8.6	0.7	25.4	–	25.4
Depreciation and amortisation	9.6	4.2	6.8	1.0	21.6	0.1	21.7

	31 Dec 2006 (restated)						
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & Corporate £m	Continuing operations £m	Discontinued operations £m	Consolidated £m
Segment assets	177.5	110.2	105.0	9.3	402.0	22.7	424.7
Other assets					54.0	–	54.0
<b>Consolidated assets</b>					<b>456.0</b>	<b>22.7</b>	<b>478.7</b>
Segment liabilities	71.4	62.5	67.9	116.1	317.9	20.6	338.5
Other liabilities					110.8	–	110.8
<b>Consolidated liabilities</b>					<b>428.7</b>	<b>20.6</b>	<b>449.3</b>

	9 months ended 31 Dec 2006						
Capital expenditure (including software)	9.0	2.0	4.0	0.3	15.3	0.8	16.1
Depreciation and amortisation	6.7	3.6	4.9	0.7	15.9	2.0	17.9

Other assets consist of cash and tax assets. Other liabilities consist of borrowings and tax liabilities. The majority of the UK pension scheme's members are past employees and not related to the United Kingdom segment. The UK IAS 19 pension deficit as well as the restricted cash is therefore classified as a corporate item. Further details of the discontinued operations can be found in note 22.

Segment result for the prior period has been restated showing the corporate expenses separately. Previously, this was allocated to the segments on the basis of their segment revenue.

**Business segments**

The group's business segments are based on its primary products as detailed below.

	Revenue		Capital expenditure		Segment assets	
	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
Salads and dips	168.5	128.7	6.2	1.2	105.0	95.5
Desserts	148.0	117.5	5.9	7.2	53.4	92.9
Fish	119.2	88.2	2.3	1.3	45.3	40.4
Ready meals – frozen	96.1	68.1	4.9	2.3	76.7	59.9
Ready meals – chilled	89.7	56.5	3.7	2.4	50.0	48.6
Sandwiches and fillings	114.6	82.2	1.7	0.6	56.5	55.4
Corporate	–	–	0.7	0.3	94.7	9.3
<b>Total reported segments</b>	<b>736.1</b>	<b>541.2</b>	<b>25.4</b>	<b>15.3</b>	<b>481.6</b>	<b>402.0</b>
Other assets	–	–	–	–	65.3	54.0
	<b>736.1</b>	<b>541.2</b>	<b>25.4</b>	<b>15.3</b>	<b>546.9</b>	<b>456.0</b>
Discontinued operations	2.5	78.4	–	0.8	2.3	22.7
	<b>738.6</b>	<b>619.6</b>	<b>25.4</b>	<b>16.1</b>	<b>549.2</b>	<b>478.7</b>

# Notes to the financial statements

for the year ended 31 December 2007

## 5. Expenses and auditor's remuneration

	Year ended 31 Dec 2007			9 months ended 31 Dec 2006		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
The group's results include charges for:						
Depreciation and amortisation	21.6	0.1	21.7	15.9	2.0	17.9
Asset impairment	31.6	–	31.6	–	–	–
Goodwill impairment	2.3	–	2.3	28.6	–	28.6
Operating lease rental payments:						
– plant and machinery	3.8	–	3.8	3.2	0.2	3.4
– other	2.2	–	2.2	2.2	0.1	2.3
Inventory written down to net realisable value	2.6	–	2.6	0.2	–	0.2
Reversal of inventory written down to net realisable value	(0.2)	–	(0.2)	–	–	–

	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
<b>Auditor's remuneration</b>		
Audit of these financial statements	0.1	0.1
Audit of the financial statements of subsidiaries pursuant to legislation	0.3	0.4
Other services pursuant to such legislation	–	0.6
Services relating to corporate debt refinancing	–	0.8
Other	0.4	–
	<b>0.8</b>	<b>1.9</b>

## 6. Directors and employees

Directors' emoluments and share interests are given in the remuneration report on pages 32 to 36.

	Year ended 31 Dec 2007	9 months ended 31 Dec 2006		
	Total £m	Continuing £m	Discontinued £m	Total £m
<b>Aggregate payroll costs</b>				
Wages and salaries	125.9	104.3	8.0	112.3
Social security costs	20.4	17.5	1.9	19.4
Pension costs – defined benefit schemes	3.4	3.0	–	3.0
Pension costs – defined contribution schemes	3.3	1.8	0.3	2.1
Share based payments charge	0.6	0.6	–	0.6
	<b>153.6</b>	<b>127.2</b>	<b>10.2</b>	<b>137.4</b>

	Year ended 31 Dec 2007	9 months ended 31 Dec 2006		
	Total	Continuing	Discontinued	Total
<b>Employee numbers</b>				
Average:				
Full time	6,265	6,380	283	6,663
Part time	334	379	128	507
	<b>6,599</b>	<b>6,759</b>	<b>411</b>	<b>7,170</b>
At period end				
	<b>6,551</b>	<b>6,620</b>	<b>268</b>	<b>6,888</b>

No information is presented for the company as the company does not have any employees.

## 7. Significant items

	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
Northern Europe restructuring	(8.5)	–
French restructuring	(3.1)	(9.4)
Pension curtailment (loss)/gain	(0.9)	3.1
Reversal of acquisition creditors	1.6	–
Minsterley impairment	(31.1)	–
Goodwill impairment	–	(28.6)
Minsterley reorganisation costs	–	(1.7)
	(42.0)	(36.6)
Significant finance costs	(4.0)	–
	(46.0)	(36.6)
Tax credit on significant items	3.0	2.3
Continuing operations	(43.0)	(34.3)
Discontinued operations (net of tax)	226.3	4.1
	183.3	(30.2)

**Northern Europe restructuring**

During the year, various restructuring programmes were announced to address the underperformance of the German operations. As a result, the factory in Bremerhaven was closed and fish and potato production was transferred to other factories in Northern Europe. The costs incurred include redundancy payments and the impairment of assets of £2.7m.

**French restructuring**

During the year, the group committed to further costs in respect of the reorganisation of the Marie Convenience business subsequent to the separation from the divested Spreads business. This followed the initial plans regarding the social plan that had been announced and provided for in 2006.

**Pension curtailment loss**

During the period, the transfer of the Dutch pension scheme to an industry wide fund was finalised. Refer note 27 for further details.

**Reversal of acquisition creditors**

This comprises the release of acquisition balances relating to previous group reorganisations.

**Minsterley Impairment**

As a result of continuing losses at the Minsterley site an impairment test was carried out to assess the carrying value of the assets. This resulted in the writedown of the assets to recoverable amount being the fair value less costs of disposal. Goodwill of £2.3m was written off and fixed assets were impaired by £28.8m.

**Significant finance costs**

The finance item represents the cost of £4.6m of the remaining bridging finance arrangement fees and £0.6m profit on the early settlement of an interest rate swap.

**Discontinued operations**

This comprises the gain on the sale of St. Hubert SAS which completed on 16 January 2007 and the loss on the sale of Natural Food SA on 7 June 2007. Further details on the gain and loss are disclosed in note 21.

# Notes to the financial statements

for the year ended 31 December 2007

## 8. Finance income and expenses

	Note	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
<b>Finance income</b>			
Interest on bank balances		2.7	1.8
Interest on restricted cash		3.7	–
Net foreign exchange gains		1.0	–
Net pension finance income		0.7	0.4
– Expected return on pension fund assets		38.3	27.4
– Interest on pension fund liabilities		(37.6)	(27.0)
		8.1	2.2
<b>Finance expense</b>			
Interest on bank loans		(1.1)	(7.7)
Interest on finance leases		(0.1)	(0.1)
Discount on long term provisions		(1.1)	(1.0)
Net foreign exchange losses		–	(1.1)
Amortisation of finance arrangement costs		(0.3)	(1.8)
		(2.6)	(11.7)
Significant finance costs	7	(4.0)	–
		(6.6)	(11.7)

## 9. Income tax

The tax charge on the profit before significant items for continuing operations is £0.6m (31 December 2006: £5.9m credit). The charge represents a tax rate of 30% of pre tax profits.

	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
UK corporation tax	–	–
Overseas tax	3.3	2.3
Deferred tax		
– credit for temporary differences on pension costs	(0.2)	(0.1)
– other timing differences	(3.7)	3.0
Prior year items	–	0.7
Tax on continuing operations	(0.6)	5.9
Tax on significant items	3.0	2.3
Continuing operations	2.4	8.2
Tax on discontinued operations	(9.2)	(7.2)
	(6.8)	1.0

The group has used tax losses to reduce tax payments in respect of the current and prior years.

## 9. Income tax (continued)

	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
<b>A reconciliation of the current tax charge to the 30% standard rate in the UK</b>		
Loss before tax	(44.1)	(58.5)
Tax credit at UK corporation tax rate of 30%	13.2	17.6
Actual tax credit	2.4	8.2
Difference	10.8	9.4
<b>Explained by:</b>		
Costs not deductible for tax purposes	–	0.5
Goodwill written off or impaired	0.7	8.6
Tax losses including capital allowances not recognised	10.1	1.9
Higher rates overseas	–	(1.1)
Prior year items	–	(0.5)
	10.8	9.4

## 10. Earnings per share ('EPS')

**Basic and diluted EPS**

Basic EPS is calculated on the basis of the weighted average of 113.8m (31 December 2006: 113.6m) ordinary shares in issue and a profit for the year of £185.0m (31 December 2006: loss of £32.3m). At year end there are no potential ordinary shares that have a dilutive effect on continuing operations.

Potential ordinary shares which may dilute EPS in the future include share options and performance incentive plan shares granted by the company. This was not included in the calculation of dilutive EPS as they were anti-dilutive for the current period.

**Adjusted EPS**

Adjusted EPS is shown by reference to profit/(loss) before significant items and related tax. It also excludes tax on prior year items and exchange gains and losses on non-permanent intercompany loans. Adjusted EPS is presented as the directors consider that this gives valuable additional information about the ongoing earnings performance of the group and is calculated as follows:

	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
<b>Adjusted basic and diluted EPS on total group</b>		
Profit/(loss) for the period	185.0	(32.3)
Significant items on continuing operations	46.0	36.6
Significant items on discontinued operations	(235.3)	(4.1)
Exchange gains on non-permanent intercompany loans	2.3	1.2
Adjusted total	(2.0)	1.4
Related tax	6.0	(2.3)
Exclude tax charge on prior year items	–	(0.5)
Adjusted profit/(loss)	4.0	(1.4)
	Pence per share	Pence per share
Adjusted basic and diluted EPS on total group	3.5	(1.2)

# Notes to the financial statements

for the year ended 31 December 2007

## 11. Dividends

	Year ended 31 Dec 2007 Pence per share	9 months ended 31 Dec 2006 Pence per share	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
Dividends paid by Uniq plc:				
– Final dividend	2.75	4.5	3.1	5.1
– Interim dividend	2.5	2.5	2.8	2.8
	5.25	7.0	5.9	7.9
Interim dividend paid	2.5	2.5	2.8	2.8
Proposed final dividend	–	2.75	–	3.1
	2.5	5.25	2.8	5.9

## 12. Property, plant and equipment

	31 Dec 2007			31 Dec 2006		
	Land and buildings £m	Plant and equipment £m	Total £m	Land and buildings £m	Plant and equipment £m	Total £m
<b>Cost</b>						
Opening balance	111.8	282.6	394.4	117.3	287.2	404.5
Additions	2.9	21.1	24.0	2.4	12.4	14.8
Disposals	(4.6)	(4.2)	(8.8)	(0.1)	(2.2)	(2.3)
Transfer to assets held for sale	(7.4)	(0.1)	(7.5)	(6.2)	(12.1)	(18.3)
Exchange	5.7	8.5	14.2	(1.6)	(2.7)	(4.3)
Closing balance	108.4	307.9	416.3	111.8	282.6	394.4
<b>Depreciation</b>						
Opening balance	20.0	189.6	209.6	18.8	190.4	209.2
Provided in the period	4.0	16.0	20.0	2.8	11.9	14.7
Disposals	(2.3)	(5.3)	(7.6)	(0.1)	(1.5)	(1.6)
Impairment	10.8	20.8	31.6	–	–	–
Transfer to assets held for sale	(5.1)	(0.1)	(5.2)	(1.5)	(9.7)	(11.2)
Exchange	0.7	5.2	5.9	–	(1.5)	(1.5)
Closing balance	28.1	226.2	254.3	20.0	189.6	209.6
Opening net book value	91.8	93.0	184.8	98.5	96.8	195.3
Closing net book value	80.3	81.7	162.0	91.8	93.0	184.8

### Grants

Included in fixed assets is an amount of £0.2m relating to a grant received from the government. This amount is recognised as income over the life of the asset by way of a reduced depreciation charge. At year end the group has complied with the conditions of the grant and does not foresee any unfulfilled conditions over the life of the grant.

### Leased plant and equipment

The group leases equipment under a number of finance lease agreements or quasi finance leases (see note 23). At 31 December 2007 the net carrying amount of leased plant and equipment was £2.5m (31 December 2006: £1.1m).

## 13. Intangible assets

	31 Dec 2007			31 Dec 2006		
	Goodwill £m	Software £m	Total £m	Goodwill £m	Software £m	Total £m
<b>Cost</b>						
Opening balance	45.6	14.2	59.8	105.8	15.6	121.4
Additions	–	1.4	1.4	–	0.5	0.5
Disposals	–	(0.1)	(0.1)	(29.5)	(0.3)	(29.8)
Impairment	(2.3)	–	(2.3)	(28.6)	–	(28.6)
Transfer to assets held for sale	–	–	–	–	(1.6)	(1.6)
Exchange	1.2	1.7	2.9	(2.1)	–	(2.1)
Closing balance	44.5	17.2	61.7	45.6	14.2	59.8
<b>Depreciation</b>						
Opening balance	–	13.6	13.6	–	13.3	13.3
Provided in the period	–	1.6	1.6	–	1.2	1.2
Disposals	–	–	–	–	(0.3)	(0.3)
Transfer to assets held for sale	–	–	–	–	(0.5)	(0.5)
Exchange	–	1.2	1.2	–	(0.1)	(0.1)
Closing Balance	–	16.4	16.4	–	13.6	13.6
Opening net book value	45.6	0.6	46.2	105.8	2.3	108.1
Closing net book value	44.5	0.8	45.3	45.6	0.6	46.2

**Goodwill impairment**

As required by IAS 36, an annual impairment review was carried out to assess whether the carrying amount of the goodwill exceeds the recoverable amount in Northern Europe and the United Kingdom respectively.

Goodwill relating to Minsterley in the United Kingdom was identified to be in excess of its carrying value and was written down to zero.

In the prior period, an impairment review was carried out following the reclassification of Uniq Belgium NV, to held for sale. It was then identified that the carrying value of the Northern European goodwill was in excess of its fair value, which resulted in an impairment loss of £28.6m.

Goodwill is allocated to the group's cash generating units (CGUs) or groups of CGUs as set out below:

	31 Dec 2007 £m	31 Dec 2006 £m
United Kingdom	30.5	32.8
Northern Europe	14.0	12.8
	44.5	45.6

The recoverable amounts of CGUs were measured based on the higher of value in use and fair value less costs to sell. Except for Minsterley, value in use was determined to be higher, thus this was used as the recoverable amount. The key assumptions in the value in use calculation for sales and margin were based on historical trends adjusted for management views of future performance of each business unit. These future trends and cash flow projections in the form of the financial budget for 2008 and the strategic plans for 2009 and 2010 have been approved by the board.

Cash flows beyond the 3 year period for the United Kingdom and Northern Europe were extrapolated using a growth rate of 2.5%. A pre tax discount rate of 10% was used for all CGUs, as this approximates to the group's weighted average cost of capital.

In terms of Minsterley, the recoverable amount was determined to be fair value less cost to sell.

**14. Restricted cash**

An amount of £84.5m, which was equal to the main UK fund's net IAS 19 pension deficit as at 31 December 2006, was placed into a secure account in favour of that pension fund. An additional £2.5m of the historic £15m additional contributions was paid into this account together with interest earned of £3.4m bringing the total in the account to £90.4m. This cash together with pension out performance was agreed as a funding arrangement with the Scheme's trustees. We are obliged to pay over the restricted cash to the pension fund by 31 March 2016 or earlier, if it is tax efficient to do so.

# Notes to the financial statements

for the year ended 31 December 2007

## 15. Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 Dec 2007 £m	31 Dec 2006 £m	31 Dec 2007 £m	31 Dec 2006 £m	31 Dec 2007 £m	31 Dec 2006 £m
Property, plant and equipment	10.3	7.9	(5.2)	(5.1)	5.1	2.8
Retirement benefit obligations	20.1	33.7	–	–	20.1	33.7
Provisions	0.7	3.4	–	–	0.7	3.4
Short term timing differences	0.6	–	–	(1.3)	0.6	(1.3)
Tax assets/(liabilities)	31.7	45.0	(5.2)	(6.4)	26.5	38.6

	31 Dec 2007 £m	31 Dec 2006 £m (restated)
<b>Net deferred tax assets</b>		
Opening balance	38.6	38.3
Income statement (charge)/credit	(2.5)	5.2
Statement of recognised income and expense	(10.1)	(4.7)
Assets transferred to held for sale	–	(0.3)
Utilised	0.5	0.1
Closing balance	26.5	38.6
<b>Unrecognised deferred tax assets</b>		
Capital allowances in excess of depreciation	27.7	28.5
Provisions	6.2	7.1
Tax losses	23.9	22.1
Other	1.0	0.3
	58.8	58.0

Deferred tax assets have not been recognised in respect of these items because the availability of suitable taxable profits is uncertain. There are no unrecognised deferred tax liabilities in respect of temporary differences associated with investments in subsidiaries. Unrecognised tax losses in the UK have been restated.

## 16. Investments

### Company

Investments in the company balance sheet of £225.2m (31 December 2006: £225.2m) represent shares in subsidiary undertakings. Further details of these subsidiaries are given in note 34.

## 17. Inventory

	31 Dec 2007 £m	31 Dec 2006 £m
Raw materials and consumables	31.6	28.4
Work in progress	1.5	2.4
Finished goods and goods for resale	18.0	16.5
	51.1	47.3

In 2007, raw materials recognised as cost of sales amounted to £389.4m (31 December 2006: £317.5m). Refer note 5 for the amount of inventories written down to net realisable value, as well as the reversal of inventories written down to net realisable value.

18. Trade and other receivables

	Group		Company	
	31 Dec 2007 £m	31 Dec 2006 £m	31 Dec 2007 £m	31 Dec 2006 £m
Trade debtors	105.7	94.2	–	–
Amounts owed by subsidiary undertakings	–	–	–	44.8
Other debtors	22.1	21.6	–	3.7
Prepayments and accrued income	5.0	7.9	–	–
	132.8	123.7	–	48.5

Included in trade debtors is £1.3m (31 December 2006: £1.4m) allowance for doubtful debts (refer note 26). Also, included in other debtors is an amount of £0.2m of deferred income relating to a grant received from the government. This amount is recognised as income on a systematic basis over the useful life of the asset by way of a reduced depreciation charge. At year end the group has complied with the conditions of the grant and does not foresee any unfulfilled conditions over the life of the grant.

19. Cash and cash equivalents

	Group		Company	
	31 Dec 2007 £m	31 Dec 2006 £m	31 Dec 2007 £m	31 Dec 2006 £m
Cash at bank	18.3	1.9	5.5	–
Short term deposits	15.3	7.1	8.7	–
	33.6	9.0	14.2	–

20. Assets held for sale

As a result of the Northern Europe restructuring, the factory in Bremerhaven has been reclassified as an asset held for sale. Further details of this can be found in note 7. In the prior year, the group classified St. Hubert SAS and Natural Food SA as held for sale following the commitment of the group's management to a plan to sell.

	31 Dec 2007 £m	31 Dec 2006 £m
<b>Assets classified as held for sale</b>		
Property, plant and equipment	2.3	5.2
Intangible assets	–	0.1
Inventory	–	2.5
Trade and other receivables	–	13.5
Cash	–	0.3
Tax	–	1.1
	2.3	22.7

	31 Dec 2007 £m	31 Dec 2006 £m
<b>Liabilities classified as held for sale</b>		
Trade and other payables	–	(19.9)
Retirement benefit obligations	–	(0.7)
	–	(20.6)

# Notes to the financial statements

for the year ended 31 December 2007

## 21. Business disposals

During the period, the group disposed of 2 businesses, St. Hubert SAS and Natural Food SA. The sale of St. Hubert SAS to Dairy Crest plc completed on 16 January 2007 for a gross consideration of £248.4m. The sale of Natural Food SA was completed on 7 June 2007 for a gross consideration of £0.4m. In 2006, the group disposed of 2 businesses, Uniq Belgium NV and Andros Food SA.

	Year ended 31 Dec 2007			9 months ended
	St. Hubert SAS £m	Natural Food SA £m	Total £m	31 Dec 2006 Total £m
Property, plant and equipment	4.9	0.3	5.2	2.3
Intangible assets	–	–	–	29.5
Working capital	1.0	0.1	1.1	2.9
Provisions	(0.7)	–	(0.7)	(0.1)
Tax	1.0	–	1.0	(2.4)
Net assets disposed	6.2	0.4	6.6	32.2
Cash consideration received	248.4	0.4	248.8	38.0
Disposal costs	(6.8)	(0.1)	(6.9)	(1.7)
	241.6	0.3	241.9	36.3
Gain/(loss) on disposal before tax	235.4	(0.1)	235.3	4.1

## 22. Discontinued operations

Profits attributable to the discontinued operations were as follows:

	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
Revenue	2.5	78.4
Expenses	(1.9)	(57.3)
Operating profit	0.6	21.1
Income tax expense	(0.2)	(7.2)
Profit after tax before significant items	0.4	13.9
Significant items	226.3	4.1
Business disposal	235.3	4.1
Tax on business disposal	(9.0)	–
Profit for the period	226.7	18.0

## 23. Borrowings

	Group		Company	
	31 Dec 2007 £m	31 Dec 2006 £m	31 Dec 2007 £m	31 Dec 2006 £m
<b>Current liabilities</b>				
Finance lease liabilities	0.9	1.1	–	–
	0.9	1.1	–	–
<b>Non current liabilities</b>				
Finance lease liabilities	1.1	–	–	–
Bank Loans	–	91.3	–	92.5
	1.1	91.3	–	92.5

## 23. Borrowings (continued)

## Finance lease liabilities

Finance lease liabilities are payable as follows:

	31 Dec 2007			31 Dec 2006		
	Less than 1 year £m	Between 1 and 5 years £m	Total £m	Less than 1 year £m	Between 1 and 5 years £m	Total £m
Future minimum lease payments	1.0	1.2	2.2	1.2	–	1.2
Interest	(0.1)	(0.1)	(0.2)	(0.1)	–	(0.1)
Present value of minimum lease payments	0.9	1.1	2.0	1.1	–	1.1

The group has entered into arrangements with certain suppliers whereby sets of moulds are built specifically for the production of the group's products. Although the arrangement is not in the legal form of a lease, the contractual nature of the agreements are such that it is believed that the key risks and rewards of ownership are held with the group. Thus they were classified as finance leases. The imputed finance lease expense on the liability was determined on the group's incremental borrowing rate.

	31 Dec 2007				
	Cash and overdrafts £m	Borrowings due within 1 year £m	Borrowings due after 1 year £m	Borrowings £m	Net cash/ (debt) £m
<b>Analysis of net cash/(debt)</b>					
Opening balance	9.0	(1.1)	(91.3)	(92.4)	(83.4)
Effect of foreign exchange rate changes	2.8	–	–	–	2.8
Cash flow	21.8	0.2	94.8	95.0	116.8
Non cash movements	–	–	(4.6)	(4.6)	(4.6)
Closing balance	33.6	(0.9)	(1.1)	(2.0)	31.6

With the completion of the sale of St. Hubert SAS, the company's £160m facility expired and was replaced by a revolving £40m working capital facility that expires in March 2010. Interest is paid on the facility at a rate of 0.95% above LIBOR. At year end, the facility had not been utilised.

## 24. Trade and other payables

	Group		Company	
	31 Dec 2007 £m	31 Dec 2006 £m	31 Dec 2007 £m	31 Dec 2006 £m
Trade payables	97.7	88.0	–	–
Other payables, including social security	32.0	24.4	1.4	2.9
Employee benefits	2.7	3.7	–	–
Accruals and deferred income	61.9	62.0	–	3.2
Amounts owed to subsidiary undertakings	–	–	65.1	–
	194.3	178.1	66.5	6.1

## 25. Provisions

	31 Dec 2007			31 Dec 2006		
	Onerous Contract £m	Other £m	Total £m	Onerous Contract £m	Other £m	Total £m
Opening balance	19.2	11.8	31.0	23.6	7.7	31.3
Unwinding of discount	1.1	–	1.1	1.0	–	1.0
Income statement charge	–	9.9	9.9	–	9.5	9.5
Utilised	(3.2)	(15.8)	(19.0)	(5.4)	(5.3)	(10.7)
Disposals	–	–	–	–	(0.1)	(0.1)
Foreign exchange	–	1.5	1.5	–	–	–
Closing balance	17.1	7.4	24.5	19.2	11.8	31.0
Current liabilities	2.0	6.7	8.7	7.5	10.9	18.4
Non current liabilities	15.1	0.7	15.8	11.7	0.9	12.6
	17.1	7.4	24.5	19.2	11.8	31.0

# Notes to the financial statements

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## 25. Provisions (continued)

### Onerous contract provision

Comprises the discounted value of a commitment in respect of an onerous contract relating to the Wincanton demerger. The interpretation of the contract and hence the nature of the commitment is currently in dispute in the courts. We expect to pay the undisputed annual fee of £2.0m per annum until the contract expires on 31 March 2009. The timing of the disputed portion of the contract is tied into the court process and is unlikely to be resolved in the next financial year.

### Other provisions

Other provisions are principally made up of outstanding costs relating to the Northern Europe and French restructuring, as discussed in note 7, which are expected to be utilised in the next financial period. Included in the remaining provision is a vacant property provision of £0.7m, the majority of which is expected to be utilised after the next financial period.

## 26. Derivatives and other financial instruments

A discussion of the group's objectives, policies and strategies with regard to derivatives and other financial instruments are set out in note 3.

### Credit risk

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	31 Dec 2007 £m	31 Dec 2006 £m	31 Dec 2007 £m	31 Dec 2006 £m
Trade and other receivables	132.8	123.7	–	48.5
Cash and cash equivalents	33.6	9.0	14.2	–
Restricted cash	90.4	–	–	–
	256.8	132.7	14.2	48.5

#### Impairment losses

The ageing of trade receivables at the reporting date was:

	31 Dec 2007 £m	31 Dec 2006 £m
Not past due	97.3	83.5
Past due 0-30 days – not yet impaired	7.3	8.1
Past due 30-60 days – not yet impaired	0.9	1.1
Past due 60-90 days	0.6	0.6
Past due 90-120 days	0.9	2.3
	107.0	95.6
Allowance for doubtful debts	(1.3)	(1.4)
	105.7	94.2

#### Allowance for doubtful debts

The movement in allowance for doubtful debts in respect of trade receivables during the year was as follows:

	31 Dec 2007 £m	31 Dec 2006 £m
Opening balance	(1.4)	(1.8)
Impairment loss reversed	0.1	0.4
Closing balance	(1.3)	(1.4)

The group's policy is to provide for bad debts based on the specific circumstances of each debtor. Refer to note 3 for details of the group's policies in respect of trade and other receivables. The bad debt provision relates mainly to debtors in 60-90 and 90-120 days respectively. The group has insurance in respect of outstanding debts totalling £2.2m for debtors in 0-30 days. The remaining debtors that are past due in 0-30 and 30-60 days respectively are not yet impaired as, based on historical default rates, the group believes no impairment allowance is necessary.

There were no trade receivables for the company in respect of the current year (31 December 2006: £Nil).

## 26. Derivatives and other financial instruments (continued)

## Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding netting arrangements:

	31 Dec 2007				31 Dec 2006			
	Carrying amount £m	Contractual cash flows £m	6-12 months £m	1-5 years £m	Carrying amount £m	Contractual cash flows £m	6-12 months £m	1-5 years £m
<b>Non-derivative financial liabilities</b>								
Secured bank loans	–	–	–	–	91.3	(91.3)	(91.3)	–
Finance lease liabilities	2.0	(2.0)	(0.9)	(1.1)	1.1	(1.1)	(1.1)	–
Trade and other payables	194.3	(194.3)	(194.3)	–	178.1	(178.1)	(178.1)	–
<b>Derivative financial liabilities</b>								
Interest rate swap used for hedging	–	–	–	–	1.0	(1.0)	(1.0)	–
	196.3	(196.3)	(195.2)	(1.1)	271.5	(271.5)	(271.5)	–

The actual contractual cash flows in respect of the secured bank loan were originally until March 2008. However, a condition of the facility was that proceeds from sale of St. Hubert SAS would be used to pay back the facility which then expired. The borrowings were repaid in January 2007, which was the earliest date that the group was able to repay the facility.

## Market risk

## Interest rate risk and currency risk

The effective currency and interest rate exposures of the group's net cash/(debt) position were as follows:

	31 Dec 2007				31 Dec 2006			
	Sterling £m	Euro £m	Polish Zloty £m	Total £m	Sterling £m	Euro £m	Polish Zloty £m	Total £m
Floating rate borrowings	–	–	–	–	(29.3)	(37.0)	–	(66.3)
Fixed rate borrowings	(0.4)	(1.6)	–	(2.0)	(25.6)	(0.5)	–	(26.1)
	(0.4)	(1.6)	–	(2.0)	(54.9)	(37.5)	–	(92.4)
Currency swaps	–	–	–	–	33.7	(33.7)	–	–
	(0.4)	(1.6)	–	(2.0)	(21.2)	(71.2)	–	(92.4)
Cash and liquid resources (including restricted cash)	108.3	13.9	1.8	124.0	7.0	1.9	0.1	9.0
Net cash/(debt)	107.9	12.3	1.8	122.0	(14.2)	(69.3)	0.1	(83.4)

Cash and liquid resources include the restricted cash to the value of £90.4m.

The following significant exchange rates applied during the year:

	31 Dec 2007		31 Dec 2006	
	Euro	Polish Zloty	Euro	Polish Zloty
Average rate	1.46	5.53	1.47	5.76
Reporting date spot rate	1.36	4.88	1.48	5.69

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for the year ended 31 December 2007

## 26. Derivatives and other financial instruments (continued)

### Sensitivity analysis

A 10% strengthening of Sterling against the following currencies at 31 December would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2006.

	31 Dec 2007		31 Dec 2006	
	Euro £m	Polish Zloty £m	Euro £m	Polish Zloty £m
Operating loss before significant items	(1.7)	0.1	(4.5)	0.1
Profit/(loss) for the period	28.0	0.1	(4.7)	0.1
Equity	6.1	2.1	16.3	1.6

A 10% weakening of Sterling against the above currencies at 31 December would have had the equal and opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

### Currency analysis of net assets

The group's net assets by currency at 31 December 2007 were as follows:

	31 Dec 2007				31 Dec 2006			
	Sterling £m	Euro £m	Polish Zloty £m	Total £m	Sterling £m	Euro £m	Polish Zloty £m	Total £m
Net cash/(debt)	107.9	12.3	1.8	122.0	(14.2)	(69.3)	0.1	(83.4)
Other net assets (excluding goodwill)	8.9	39.1	20.2	68.2	3.9	47.4	15.9	67.2
Goodwill	30.5	14.0	–	44.5	32.8	12.8	–	45.6
	147.3	65.4	22.0	234.7	22.5	(9.1)	16.0	29.4

Where we have liabilities, the group operates a policy of maintaining the liability split between the 2 currencies in which the group's investments are held, between the UK and European operations. The ratio of Sterling:Euro liabilities would mirror the Sterling:Euro split of trading capital employed.

### Fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts in the balance sheet, are as follows:

	Group				Company			
	31 Dec 2007		31 Dec 2006		31 Dec 2007		31 Dec 2006	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
<b>Financial assets</b>								
<b>Non-current</b>								
Restricted cash	90.4	90.4	–	–	–	–	–	–
<b>Current</b>								
Cash and cash equivalents	33.6	33.6	9.0	9.0	14.2	14.2	–	–
Assets classified as held for sale – cash	–	–	0.3	0.3	–	–	–	–
<b>Financial liabilities</b>								
<b>Non-current</b>								
Finance lease liabilities	1.1	1.1	–	–	–	–	–	–
Borrowings	–	–	91.3	91.3	–	–	92.5	92.5
Derivative financial instruments –								
Interest rate swap	–	–	1.0	1.0	–	–	1.0	1.0
<b>Current</b>								
Finance lease liabilities	0.9	0.9	1.1	1.1	–	–	–	–

The table above excludes trade and other receivables and trade and other payables as their fair value approximates to carrying value.

## 27. Retirement benefit obligations

The group operates pension schemes in the UK and mainland Europe.

The main UK scheme is contributory for members and has 2 sections: the defined benefit section and the defined contribution section. The defined benefit section is closed to new members but provides benefits for existing and past employees based on final pensionable emoluments. The assets of the plan are held in a separate trustee administered fund. As well as the main fund, the UK also operates a small unfunded defined benefit pension scheme for overcap benefits and provides post-retirement medical benefits to certain former employees.

The results of the formal actuarial valuation as at 31 March 2006 were updated to the accounting date by independent qualified actuaries in accordance with IAS 19. As required by IAS 19, the value of the defined benefit obligation and current service cost has been measured using the projected unit credit method.

The expected rate of return on assets for the financial year ending 31 December 2007 was 6.5% p.a. (31 December 2006: 6.3% p.a.). This rate is derived by taking the weighted average of the long term expected rate of return on each of the asset classes in which the scheme was invested at 31 December 2007.

The group provides pensions under certain overseas schemes, some of which provide defined benefits. During the year, the Netherlands transferred its remaining net liability over to the industry wide scheme and closed the scheme. It is now accounted for as a defined contribution scheme. All remaining European schemes are mainly unfunded.

Total contributions made to defined contribution schemes in the year were £3.3m (31 December 2006: £1.8m). The group expects to contribute £3.4m to its defined benefit schemes in the next financial year.

The following table sets out the key IAS 19 assumptions used for the schemes. Overseas plans are quoted as a weighted average based on liabilities. The expected rate of return on assets is derived by taking the weighted average of the long term expected rate of return on each of the asset classes that the plan was invested in at 31 December 2007. The assumptions used by the actuaries have been chosen from a range of possible actuarial assumptions about the future, which may not necessarily be borne out in practice.

### Assumptions

	UK			Overseas		
	31 Dec 2007 %	31 Dec 2006 %	31 March 2006 %	31 Dec 2007 %	31 Dec 2006 %	31 March 2006 %
Inflation	3.3	3.0	2.9	1.6	1.8	1.9
Pension increases	3.2	3.0	2.9	1.5	2.3	2.1
Salary growth						
– Standard	4.8	4.5	4.4	2.5	2.7	2.7
– Senior Management	6.3	6.0	5.9	2.6	2.7	2.7
Discount rate	6.0	5.3	5.1	5.3	4.4	4.2
Expected return for:						
– Equities	7.6	7.5	7.4	8.0	8.0	7.0
– Bonds	4.7	4.6	4.4	5.0	5.0	5.0
– Other	4.4	4.3	4.2	5.0	5.0	5.0

During the year the mortality assumptions for the UK schemes were changed from PA92MC+1 to PA92MC. These assumptions allow for future improvements according to the medium cohort projections, based on each individual's year of birth, with an adjustment to the underlying rates of mortality of +10% for those who left before 2000. The longevity assumptions are therefore:

	UK	
	31 Dec 2007 years	31 Dec 2006 years
Life expectancy of a male aged 65 in 2007 (pre 2000 leaver)	21.2	20.9
Life expectancy of a male aged 65 in 2007 (post 2000 leaver)	21.9	20.9
Life expectancy of a male aged 65 in 2027 (pre 2000 leaver)	22.3	22.0
Life expectancy of a male aged 65 in 2027 (post 2000 leaver)	23.0	22.0

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## 27. Retirement benefit obligations (continued)

		31 Dec 2007
Sensitivity analysis of the main UK pension fund		Approximate change in defined benefit obligation £m
Life expectancy	– 1 year longer/(shorter)	19.0
Discount rate	– increase/(decrease) of 0.1%	12.0
Inflation	– increase/(decrease) of 0.1%	9.0
Mortality	– change from PA92MC to PA92LC	30.0

### Medical cost trends

There is strong evidence that healthcare costs increase faster than general price inflation. The group have adopted 2.5% p.a. for the rate at which medical costs increase over and above retail price inflation.

The tables below set out the fair value of assets, the present value of the IAS 19 liabilities and the deficit of assets below the IAS 19 liabilities (which equals the net pension deficit). The fair value of the schemes' assets is not intended to be realised in the short term and may be subject to significant changes before realisation. The present value of the schemes' liabilities is derived from cash flow projections over long periods and is thus inherently uncertain.

	31 Dec 2007			31 Dec 2006		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
<b>Fair value of assets:</b>						
– Equities	377.6	–	377.6	358.4	–	358.4
– Bonds and gilts	222.9	–	222.9	246.2	–	246.2
– Other	15.2	0.1	15.3	1.1	18.8	19.9
<b>Fair value of plan assets</b>	<b>615.7</b>	<b>0.1</b>	<b>615.8</b>	<b>605.7</b>	<b>18.8</b>	<b>624.5</b>
<b>Defined benefit obligation:</b>						
Funded	(668.0)	(0.1)	(668.1)	(690.7)	(22.0)	(712.7)
Wholly unfunded	(8.5)	(15.2)	(23.7)	(3.3)	(16.3)	(19.6)
<b>Present value of defined benefit obligation</b>	<b>(676.5)</b>	<b>(15.3)</b>	<b>(691.8)</b>	<b>(694.0)</b>	<b>(38.3)</b>	<b>(732.3)</b>
<b>Net liability in balance sheet</b>	<b>(60.8)</b>	<b>(15.2)</b>	<b>(76.0)</b>	<b>(88.3)</b>	<b>(19.5)</b>	<b>(107.8)</b>

## 27. Retirement benefit obligations (continued)

	31 Dec 2007			31 Dec 2006		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
<b>Movement in deficit during the period:</b>						
Opening balance	(88.3)	(19.5)	(107.8)	(101.8)	(23.3)	(125.1)
Current service cost	(3.0)	(0.5)	(3.5)	(2.6)	(0.4)	(3.0)
Past service cost	–	0.1	0.1	–	–	–
Curtailments and settlements	–	0.8	0.8	–	3.1	3.1
Contributions	6.9	–	6.9	14.0	–	14.0
Net finance credit/(charge)	1.4	(0.7)	0.7	0.7	(0.3)	0.4
Benefits paid	1.2	0.7	1.9	0.7	0.5	1.2
Actuarial gain/(loss)	21.0	5.3	26.3	0.7	(0.6)	0.1
Transferred to held for sale	–	–	–	–	0.5	0.5
Exchange	–	(1.4)	(1.4)	–	1.0	1.0
Closing balance	(60.8)	(15.2)	(76.0)	(88.3)	(19.5)	(107.8)
<b>Amounts recognised in the income statement:</b>						
Current service cost	(3.0)	(0.5)	(3.5)	(2.6)	(0.4)	(3.0)
Past service cost	–	0.1	0.1	–	–	–
Gains on curtailments and settlements	–	0.8	0.8	–	3.1	3.1
Recognised in operating profit	(3.0)	0.4	(2.6)	(2.6)	2.7	0.1
Interest cost	(36.2)	(1.4)	(37.6)	(25.8)	(1.2)	(27.0)
Expected return on plan assets	37.6	0.7	38.3	26.5	0.9	27.4
Recognised in finance income	1.4	(0.7)	0.7	0.7	(0.3)	0.4
Total (expense)/income recognised in the income statement	(1.6)	(0.3)	(1.9)	(1.9)	2.4	0.5
<b>Cumulative actuarial gains and losses recognised directly in equity:</b>						
Opening balance	–	(7.3)	(7.3)	(0.7)	(6.7)	(7.4)
Actuarial gains/(losses)	21.0	5.3	26.3	0.7	(0.6)	0.1
Closing balance	21.0	(2.0)	19.0	–	(7.3)	(7.3)
Actual return on plan assets	32.6	0.7	33.3	29.1	0.9	30.0

The cumulative amount represents all actuarial gains and losses recognised directly in equity since transition date of 1 April 2004.

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## 27. Retirement benefit obligations (continued)

	31 Dec 2007			31 Dec 2006		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
<b>Reconciliation of present value of defined benefit obligation:</b>						
Opening balance	(694.0)	(38.3)	(732.3)	(687.9)	(42.0)	(729.9)
Current service cost	(3.0)	(0.5)	(3.5)	(2.6)	(0.4)	(3.0)
Past service cost	–	0.1	0.1	–	–	–
Interest cost	(36.2)	(1.4)	(37.6)	(25.8)	(1.2)	(27.0)
Contributions	(0.8)	–	(0.8)	(0.6)	–	(0.6)
Actuarial gains/(losses)	26.0	5.3	31.3	(1.9)	(0.6)	(2.5)
Benefits paid	31.5	0.9	32.4	24.8	0.7	25.5
Curtailements and settlements	–	20.3	20.3	–	3.1	3.1
Transferred to held for sale	–	–	–	–	0.5	0.5
Exchange	–	(1.7)	(1.7)	–	1.6	1.6
Closing balance	(676.5)	(15.3)	(691.8)	(694.0)	(38.3)	(732.3)
<b>Reconciliation of fair value of plan assets:</b>						
Opening balance	605.7	18.8	624.5	586.1	18.7	604.8
Expected return on plan assets	37.6	0.7	38.3	26.5	0.9	27.4
Actuarial (losses)/gains	(5.0)	–	(5.0)	2.6	–	2.6
Contributions by the employer	6.9	–	6.9	13.9	–	13.9
Contributions by plan participants	0.8	–	0.8	0.7	–	0.7
Benefits paid	(30.3)	(0.2)	(30.5)	(24.1)	(0.2)	(24.3)
Curtailements and settlements	–	(19.5)	(19.5)	–	–	–
Exchange	–	0.3	0.3	–	(0.6)	(0.6)
Closing balance	615.7	0.1	615.8	605.7	18.8	624.5

  

Historical information	31 Dec 2007 £m	31 Dec 2006 £m	31 March 2006 £m	31 March 2005 £m	31 March 2004 £m
Fair value of plan assets	615.8	624.5	604.8	511.0	472.7
Present value of defined benefit obligation	(691.8)	(732.3)	(729.9)	(652.9)	(611.0)
Net pension deficit in the balance sheet	(76.0)	(107.8)	(125.1)	(141.9)	(138.3)
Experience adjustments arising on plan assets	(5.0)	2.6	75.9	22.4	42.0
Experience adjustments arising on plan liabilities	(16.8)	4.3	1.7	4.6	(0.7)

## 28. Share capital

	Group		Company	
	31 Dec 2007 £m	31 Dec 2006 £m	31 Dec 2007 £m	31 Dec 2006 £m
<b>Authorised</b>				
995,906,427 ordinary shares of 10p each	99.6	99.6	99.6	99.6
<b>Called up and allotted</b>				
114,833,817 ordinary shares of 10p each	11.5	11.5	11.5	11.5

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to 1 vote per share at meetings of the company.

## 29. Shareholders' equity

Group	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total £m
At 1 April 2006	11.5	0.1	(330.2)	2.6	4.6	386.5	75.1
Loss for the period	–	–	–	–	–	(32.3)	(32.3)
Share based compensation charge	–	–	–	–	–	0.6	0.6
Share options exercised	–	–	–	–	–	0.1	0.1
Dividends	–	–	–	–	–	(7.9)	(7.9)
Gains and losses deferred in equity	–	–	–	(1.5)	–	–	(1.5)
Net actuarial loss on pension schemes (net of tax)	–	–	–	–	–	(4.6)	(4.6)
Exchange	–	–	–	–	(0.1)	–	(0.1)
At 31 December 2006	11.5	0.1	(330.2)	1.1	4.5	342.4	29.4
At 1 January 2007	11.5	0.1	(330.2)	1.1	4.5	342.4	29.4
Profit for the period	–	–	–	–	–	185.0	185.0
Share based compensation charge	–	–	–	–	–	0.4	0.4
Share options exercised	–	–	–	–	–	0.3	0.3
Dividends	–	–	–	–	–	(5.9)	(5.9)
Gains and losses deferred in equity	–	–	–	(1.1)	–	–	(1.1)
Net actuarial gain on pension schemes (net of tax)	–	–	–	–	–	16.2	16.2
Exchange	–	–	–	–	10.4	–	10.4
At 31 December 2007	11.5	0.1	(330.2)	–	14.9	538.4	234.7

**Merger reserve**

The merger reserve arose as a result of a group reconstruction carried out in 2000. Under a Scheme of Arrangement approved by the High Court and shareholders at the time, all shares in the then quoted group company were cancelled and new shares were issued to shareholders in Uniq plc, the new quoted company. The merger reserve is the difference arising on consolidation between the nominal value of the new shares and the nominal value of the shares previously held, together with the associated share premium. The merger reserve arises only on consolidation and therefore does not impact the individual Uniq plc company accounts or distributable reserves.

**Hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. There are no outstanding hedges at year end.

**Translation reserve**

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

**Employee Share Ownership Trust**

Retained earnings includes the Employee Share Ownership Trust ('ESOT') which was established in June 1997. It is empowered to purchase and hold shares in Uniq plc (the company) in order to meet certain future obligations of the group in respect of options or shares awarded under share option schemes and long term incentive plans operated by the group from time to time. Dividends receivable on the shares owned by the ESOT have been waived. At 31 December 2007 the ESOT held 1,005,263 (31 December 2006: 1,223,825) shares in the company which had a market value of £1.9m (31 December 2006: £2.8m)

Refer to page 32 in the remuneration report for the general terms and conditions that relate to share option schemes.

Company	Share capital £m	Share premium £m	Hedging reserve £m	Retained earnings £m	Total £m
At 1 April 2006	11.5	0.1	(1.4)	175.3	185.5
Loss for the period	–	–	–	(4.6)	(4.6)
Dividends	–	–	–	(7.9)	(7.9)
Gains and losses deferred in equity	–	–	3.1	–	3.1
At 31 December 2006	11.5	0.1	1.7	162.8	176.1
At 1 January 2007	11.5	0.1	1.7	162.8	176.1
Profit for the period	–	–	–	4.4	4.4
Dividends	–	–	–	(5.9)	(5.9)
Gains and losses deferred in equity	–	–	(1.7)	–	(1.7)
At 31 December 2007	11.5	0.1	–	161.3	172.9

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## 29. Shareholders' equity (continued)

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. There were no outstanding hedges at year end.

### Share option schemes

The number of outstanding share options are as follows:

	31 Dec 2007		31 Dec 2006	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening balance	1,224,859	244.3p	1,662,603	238.4p
Exercised during the year	(149,046)	190.2p	(75,000)	161.5p
Lapsed during the year	(232,086)	263.1p	(362,744)	234.3p
Closing balance	843,727	248.6p	1,224,859	244.3p

	Weighted average contractual life	Exercise price range	Dates of grant	Average exercise price
Executive option scheme	2.92 years	161p-514p	1998-2002	248.6p

All options are settled by physical delivery of shares. The total consideration receivable if all options outstanding were exercised would be £2.1m. The weighted average share price at the date of exercise of share options exercised during the period was 193.6p (31 December 2006: 191.5p). In line with IFRS 2, no expense has been recognised for these options as they were granted before 7 November 2002.

### Uniq Performance Incentive Plan

#### Equity settled share based payment scheme

	Remaining contractual life years	Outstanding shares
Equity settled awards granted in:		
Year ended 31 March 2006	7.6	596,014
9 months ended 31 December 2006	8.6	808,551
Year ended 31 December 2007	9.3	885,330
		2,289,895

The exercise price for the above shares is £nil.

The fair value of services received in return for Performance Incentive Plan shares (PIPs) granted are measured by reference to the fair value of PIPs granted. The estimate of the fair value of services received is measured based on a Monte Carlo model. Assumptions used in the Monte Carlo model for PIPs granted during the period are as follows:

	31 Dec 2007	31 Dec 2006
Expected volatility	27.9%	26.2%
Risk free interest rate	2.3%	4.3%
Dividend yield	3.9%	3.5%
Correlation coefficient	6.1%	4.4%

The expected volatility is wholly based on the historic volatility, calculated based on the weighted average remaining life of the PIPs.

We assess the number of leavers on a grant by grant basis, taking into account historical trends as well as the level of employees included in each grant.

#### Cash settled share based payment scheme

One of the subsidiaries of Uniq operates a cash settled performance incentive plan. The fair value of the Long Term Incentive Plan (LTIP) is measured with reference to the value of the subsidiary business issuing the shares. This value is independently assessed each year. The number of shares vesting is subject to a sliding scale based on the value of the subsidiary business.

29. Shareholders' equity (continued)

Performance is measured over 2 years and once vested any shares earned must be held for a further 2 years. Vesting is dependent on the value of the subsidiary business (as independently assessed) achieving certain increased values over the vesting period. There are 'put' and 'call' options which ensure that at the end of the scheme period Uniq can acquire back all shares at market value for cash to the participants. The maximum total award which could be made to all recipients of awards in the subsidiary is 2.25% of the value of the subsidiary business over the life of the scheme.

The total expenses recognised during the period from share based payments are as follows:

	Year ended 31 Dec 2007 £m	9 months ended 31 Dec 2006 £m
Equity settled share based payment charge	0.4	0.6
Cash settled share based payment charge	0.2	–
	0.6	0.6
Total carrying amount of liability	0.2	–

30. Commitments

	31 Dec 2007 £m	31 Dec 2006 £m (restated)
Capital commitments contracted, but not provided	2.4	1.0

Disclosure for the prior year has been restated to remove items that were incorrectly included.

31. Operating leases

Future minimum lease payments

	31 Dec 2007			31 Dec 2006		
	Land & buildings £m	Other leases £m	Total £m	Land & buildings £m	Other leases £m	Total £m
Operating lease commitments falling due:						
Within 1 year	2.2	2.3	4.5	2.1	2.4	4.5
Between 1 and 5 years	5.1	4.1	9.2	5.7	1.8	7.5
After 5 years	9.0	–	9.0	8.9	–	8.9
	16.3	6.4	22.7	16.7	4.2	20.9

The group leases a number of warehouses, factory facilities and office buildings under operating leases. The leases typically run for a period of 20 to 25 years.

A number of the property leases were entered into some time ago and as such are not used for current operations. Companies within the group entered into sub-leases for these properties in order to recover the lease payments. During the year, £0.3m of rental expenses were recovered through these sub-leases. The sub-leases expire between 2008 and 2014.

Future minimum sublease payments expected

	31 Dec 2007	31 Dec 2006
	Land & buildings £m	Land & buildings £m
Operating lease commitments falling due:		
Within 1 year	0.4	0.3
Between 1 and 5 years	1.4	0.8
After 5 years	0.7	0.6
	2.5	1.7

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## 32. Contingent liabilities

Guarantees and contingencies exist in the ordinary course of business. Certain guarantees are performance related. The group enters into certain fixed price purchasing contracts in the ordinary course of business. At year end these amounted to £5.1m (31 December 2006: £6.2m).

## 33. Related party transactions

The company has a related party relationship with its subsidiaries (these are listed in note 34).

Material balances that the company has with its subsidiaries are as follows:

- Uniq (Holdings) Limited: £127.4m (31 December 2006: £135.9m);
- Nashbond Finance Limited: £35.4m (31 December 2006: £87.7m); and
- Uniq Prepared Foods Limited: £29.7m (31 December 2006: £17.8m).

## 34. Principal subsidiaries at 31 December 2007

Subsidiary undertakings	Principal activity	Country of incorporation and principal operation
Uniq (Holdings) Limited	Investment holding company	United Kingdom
Uniq Prepared Foods Limited	Principal trading company for the UK chilled convenience food manufacture business	United Kingdom
Marie SAS	Chilled convenience food manufacture and sale	France
Uniq Deutschland GmbH	Chilled convenience food manufacture and sale	Germany
Uniq Convenience Foods Nederland BV	Chilled convenience food manufacture and sale	Netherlands
Uniq Lisner Sp.zo.o	Chilled convenience food manufacture and sale	Poland

Notes:  
All subsidiary undertakings are 100% owned by the group. Uniq (Holdings) Limited is owned by Uniq plc and the remainder are held through subsidiary undertakings. Companies incorporated in the United Kingdom are registered in England and Wales.