

# COMMUNITY FOODS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

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### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation is attributable to the principal activity:

	2007 £	2006 £
An analysis of turnover by geographical location is:		
United Kingdom	22,624,060	-
Overseas	2,938,535	-
	<u>25,562,595</u>	<u>-</u>

The profit on ordinary activities before taxation is stated after:

	2007 £	2006 £
Auditors' remuneration:		
Audit services	27,800	11,410
Non-audit services	11,750	7,412
Amortisation of consolidation goodwill	98,758	-
Depreciation:		
Tangible fixed assets owned	44,812	677
Tangible fixed assets held under finance leases and hire purchase contracts	21,628	-
Loss on disposal of fixed assets	3,573	-
Profit on disposal of fixed assets	(71,276)	-
Operating lease cost	<u>244,696</u>	<u>-</u>

### 2 OTHER OPERATING INCOME

Other operating income represents income from property rental and commissions receivable.

### 3 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Loan stock and loan note interest	129,264	130,196
Other interest	11,136	-
	<u>140,400</u>	<u>130,196</u>

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### 4 INTEREST RECEIVABLE

	2007 £	2006 £
Bank interest receivable	<u>541,564</u>	<u>1,133,470</u>

### 5 OTHER FINANCE INCOME

	2007 £	2006 £
Expected return on pension scheme assets	6,200,000	6,100,000
Interest on pension scheme liabilities	<u>(5,800,000)</u>	<u>(5,900,000)</u>
	<u>400,000</u>	<u>200,000</u>

### 6 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2007 £	2006 £
Wages and salaries	1,774,281	43,793
Social security costs	189,627	4,479
Other pension costs	<u>380,413</u>	<u>10,165</u>
	<u>2,344,321</u>	<u>58,437</u>

Contributions of £357,370 were paid during 2007 to the defined benefit pension scheme (2006: £1,900,000) to the pension scheme. Details of pensions are included in note 27.

The average number of employees of the group during the year was:

	2007 Number	2006 Number
Management and administration	19	1
Sales and handling	<u>70</u>	<u>-</u>
	<u>89</u>	<u>1</u>

# COMMUNITY FOODS GROUP LIMITED

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For the year ended 31 MARCH 2007

### DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	2007 £	2006 £
Emoluments	158,495	65,448
Pension contributions:		
Defined benefit	7,200	-
Defined contribution	108,498	-
	<u>274,193</u>	<u>65,448</u>

During the year three directors (2006: none) participated in a defined benefit pension scheme and three directors (2006: none) participated in a defined contribution scheme.

### 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax credit is based on the profit for the year and represents:

	2007 £	2006 £
<b>Current tax</b>		
United Kingdom corporation tax at 30% (2006: 30%)	(16,419)	-
Adjustments in respect of prior year:	-	(201,000)
Total current tax	<u>(16,419)</u>	<u>(201,000)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences (note 17)	9,119	(869,000)
Deferred tax on other finance income/(costs) relating to net pension liability	(652,000)	-
Adjustments in respect of prior years	30,000	-
Deferred tax on contributions paid to pension scheme	-	570,000
<b>Tax credit on profit on ordinary activities</b>	<u>(629,300)</u>	<u>(500,000)</u>

Factors affecting the tax charge for period

Profit multiplied by the standard rate	130,211	88,000
The tax assessed for the period differs from the standard rate of corporation tax in the United Kingdom 30% (2006: 30%)		

Effect of:

Amortisation of consolidation goodwill	29,627	-
Expenses not deductible for tax purposes	17,911	57,000
Capital allowances for the period in excess of depreciation	(9,035)	-
Utilisation of tax losses	(11,642)	(145,000)
Tax losses not yet relieved	36,509	-
FRS 17 adjustments	(210,000)	-
Adjustments to tax charge in respect of prior periods	-	(201,000)
Current tax credit for period	<u>(16,419)</u>	<u>(201,000)</u>

# COMMUNITY FOODS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

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### 8 PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE PARENT COMPANY

The parent company has taken advantage of the exemption from presenting its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The group profit for the year includes a profit of £1,220,311 (2006: £792,681) that has been dealt with within the financial statements of the parent company.

### 9 INTANGIBLE FIXED ASSETS

#### GROUP

	<b>Goodwill £</b>
Cost	
At 1 April 2006	-
Acquisition of subsidiary undertaking	<u>3,794,696</u>
At 31 March 2007	<u><b>3,794,696</b></u>
Amortisation	
At 1 April 2006	-
Charge for the year	<u>98,758</u>
At 31 March 2007	<u><b>98,758</b></u>
At 31 March 2007	<u><u><b>3,695,938</b></u></u>
At 31 March 2006	<u><u>-</u></u>

Goodwill arising on the acquisition of Community Foods (Holdings) Limited is being amortised over 20 years.

The group consists of the parent company and the following subsidiary companies all of which are wholly owned and incorporated in England and Wales.

<b>Name</b>	<b>Principal activity</b>
Community Foods (Holdings) Limited	Intermediate holding company
Community Foods Limited	Merchanting food products for retail and manufacture
Australian Dried Fruits (Europe) Limited	Dormant (after transfer of operations to a group company in 2006/07)

**COMMUNITY FOODS GROUP LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

**10 TANGIBLE FIXED ASSETS - GROUP**

	<b>Leasehold improve- ments £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Total £</b>
Cost					
At 1 April 2006	-	2,035	-	-	2,035
Acquisition of subsidiary	270,366	421,260	155,621	136,959	984,206
Additions	-	11,710	34,035	21,667	67,412
Disposals	-	-	(33,952)	-	(33,952)
At 31 March 2007	<b>270,366</b>	<b>435,005</b>	<b>155,704</b>	<b>158,626</b>	<b>1,019,701</b>
Depreciation					
At 1 April 2006	-	677	-	-	677
Acquisition of subsidiary	202,050	203,898	82,766	84,494	573,208
Provided in the year	6,211	22,356	15,336	22,537	66,440
Disposals	-	-	(19,629)	-	(19,629)
At 31 March 2007	<b>208,261</b>	<b>226,931</b>	<b>78,473</b>	<b>107,031</b>	<b>620,696</b>
Net book value at 31 March 2007	<b>62,105</b>	<b>208,074</b>	<b>77,231</b>	<b>51,595</b>	<b>399,005</b>
Net book value at 31 March 2006	-	1,358	-	-	1,358

As at 31 March 2007 the net book value of assets held under hire purchase is £87,878 and under finance lease agreements is £22,242.

**TANGIBLE FIXED ASSETS - COMPANY**

	<b>Plant and machinery £</b>
Cost	
At 1 April 2006 and at 31 March 2007	<b>2,035</b>
Depreciation	
At 1 April 2006	677
Provided in the year	679
At 31 March 2007	<b>1,356</b>
Net book value at 31 March 2007	<b>679</b>
Net book value at 31 March 2006	1,358

# COMMUNITY FOODS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

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### 11 INVESTMENTS

#### COMPANY

The company holds 100% of the ordinary share capital (£2) of MMQ Trustees Limited which was incorporated on 22 July 2005 to act as a trustee for former members. MMQ Trustees Limited holds shares in the company which have been issued to former members as part of the conversion from an Industrial and Provident Society. At 31 March 2007 308,601 (2006: 436,761) shares were held in trust. MMQ Trustees Limited has not made a profit or loss in the year and has net assets of £2 and its accounts have not been included in the consolidation on the grounds of immateriality.

On 28 September 2006 the company acquired the whole of the issued capital of Community Foods (Holdings) Limited, the parent company of Community Foods Limited for an initial consideration of £16,759,778.

The initial consideration was satisfied as to £16,647,311 in cash plus the issue of £112,467 bank guarantee non-qualifying corporate bonds loan notes.

Further cash consideration could be payable amounting to a maximum of £2,000,000 dependent upon the results achieved by Community Foods (Holdings) Limited in the two years to 31 March 2009.

	£
Initial consideration	16,759,778
Costs and stamp duty	<u>628,288</u>
At 31 March 2007	<u>17,388,066</u>

Extracts from the profit and loss account of Community Foods (Holdings) Limited:

	Period 3 April 2006 to 28 September 2006 £	Year ended 2 April 2006 £
Turnover	26,068,836	54,403,363
Operating profit	706,086	3,679,305
Exceptional item:		
Sale of trade investment	2,228,719	-
Profit before taxation	2,858,738	3,377,283
Taxation	(187,064)	(1,087,538)
Profit after taxation	2,671,674	2,289,745

# COMMUNITY FOODS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### INVESTMENTS (CONTINUED)

The fair value of the net assets of Community Foods (Holdings) Limited at the acquisition date were:

	£
Tangible fixed assets	410,998
Stocks	10,136,185
Debtors	7,368,999
Cash at bank	135,247
Creditors (amounts falling due within one year)	(3,249,954)
Finance facility	(932,671)
Corporation tax	(224,218)
Creditors (amounts falling due after more than one year)	(42,817)
Deferred tax	(8,399)
	<u>13,593,370</u>
Consolidation goodwill	<u>3,794,696</u>
Initial consideration payable	<u>17,388,066</u>

It has not been necessary to make any fair value adjustments to the net assets.

### 12 STOCKS

	2007 £	2006 £
Finished goods and goods for resale	<u>10,968,654</u>	<u>-</u>

### 13 DEBTORS

	Group 2007 £	Company 2007 £	Company 2006 £
Trade debtors	7,091,430	-	-
Amounts owed by other group undertakings	-	75,000	-
Prepayments and accrued income	187,618	5,950	-
Other debtors	91,777	4,675	14,223
Deferred revenue expenditure	18,635	-	-
Corporation tax recoverable	141,364	-	-
	<u>7,530,824</u>	<u>85,625</u>	<u>14,223</u>

# COMMUNITY FOODS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>Group 2007 £</b>	<b>Company 2007 £</b>	Company 2006 £
Loan stock (note 1)	<b>1,873,228</b>	1,873,228	-
Loan notes (note 2)	<b>112,467</b>	112,467	-
Certificates of Entitlement and other amounts due to former members (note 3)	<b>407,443</b>	407,443	328,289
Finance facility (note 4)	<b>824,395</b>	-	-
Bank overdraft (note 5)	<b>465,748</b>	-	-
Trade creditors	<b>2,351,442</b>	1,433	25,738
Other taxation and social security	<b>78,498</b>	-	12,627
Accruals and deferred income	<b>727,938</b>	99,434	110,229
Obligations under finance leases and hire purchase contracts	<b>50,162</b>	-	-
	<b><u>6,891,321</u></b>	<b><u>2,494,005</u></b>	<b><u>476,883</u></b>

#### NOTE 1 - LOAN STOCK

The Loan Stock is unsecured and is repayable by 1 October 2027. The company has exercised its option of early redemption and the Stock will be repaid on 30 November 2007.

#### NOTE 2 - LOAN NOTES

The Loan Notes were issued on 28 September 2006 in connection with the acquisition of Community Foods (Holdings) Limited. Interest is payable half yearly at a rate of 1.15% per annum below Bank of Scotland base rate. They are repayable on demand, but no later than 30 April 2008.

#### NOTE 3 - CERTIFICATES OF ENTITLEMENT

Cash at bank includes £312,565 in the company (2006: £300,000) held in respect of Certificates of Entitlement and other amounts due to former members

#### NOTE 4 - FINANCE FACILITY

The finance facility relates to debts factored with recourse, and is secured by a fixed and floating charge over the assets of a subsidiary company.

#### NOTE 5 - BANK OVERDRAFT

The bank overdraft is secured by a debenture dated 15 May 1996 over the assets of a subsidiary company.

**COMMUNITY FOODS GROUP LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

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

	<b>Group 2007 £</b>	<b>Company 2007 £</b>	Company 2006 £
Loan stock (see note 14)	-	-	1,873,228
Hire purchase and finance lease agreements (payable between two and five years)	<b>37,854</b>	-	-
	<b>37,854</b>	-	1,873,228

**16 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Group 2007 £</b>	<b>Company 2007 £</b>	Company 2006 £
Provision against losses on forward contracts			
Movement in year	<b>827,658</b>	-	-

**17 DEFERRED TAXATION**

	<b>Group 2007 £</b>	<b>Company 2007 £</b>	Company 2006 £
Liability related to deferred profit distribution	-	-	1,521,000
Asset related to deferred profit distribution	-	-	(869,000)
	-	-	652,000
Taxation allowances over depreciation on fixed assets			
On acquisition	<b>8,399</b>	-	-
Movement in year	<b>9,119</b>	-	-
	<b>17,518</b>	-	-
Total	<b>17,518</b>	-	652,000

There were no potential liabilities for deferred taxation not provided for at either 31 March 2007 or 2 April 2006 other than as described in note 26.

Deferred tax assets not provided for are as follows:

	<b>2007 £</b>	2006 £
Revenue losses	<b>827,000</b>	869,000
Pension fund deficit	<b>510,000</b>	-
Capital losses	<b>2,211,000</b>	2,222,000

The deferred tax assets have not been recognised in the accounts due to the uncertainty or timing of future gains or profits against which they could be used.

# COMMUNITY FOODS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### 18 SHARE CAPITAL

	2007 £	2006 £
Authorised 25,000,000 ordinary shares of £1 each	<u>25,000,000</u>	<u>25,000,000</u>
Allotted, called up and fully paid 15,099,745 ordinary shares of £1 each	<u>15,099,745</u>	<u>15,099,745</u>

### 19 RESERVES - GROUP

	Profit and loss account £
At 1 April 2006	2,395,822
Profit for the year	1,063,338
Actuarial loss	<u>(2,300,000)</u>
At 31 March 2007	<u>1,159,160</u>

### RESERVES - COMPANY

	Profit and loss account £
At 1 April 2006	2,395,822
Profit for the year	1,220,311
Actuarial loss	<u>(2,300,000)</u>
At 31 March 2007	<u>1,316,133</u>

### 20 COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows:

	2007 £	2006 £
Amounts payable within one year	50,162	-
Amounts payable between two to five years	<u>37,854</u>	-
	<u>88,016</u>	-

# COMMUNITY FOODS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

### 21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<b>Group</b> <b>2007</b> £	<b>Company</b> <b>2007</b> £	2006 £
Profit for the year	<b>1,063,338</b>	<b>1,220,311</b>	792,681
Actuarial (loss)/gain	<b>(2,300,000)</b>	<b>(2,300,000)</b>	2,200,000
Deferred tax on actuarial gain	-	-	(660,000)
Capitalisation of undistributed deferred profit distribution	-	-	15,049,000
Net (reduction)/addition to shareholders' funds	<b>(1,236,662)</b>	<b>(1,079,689)</b>	17,381,681
Opening shareholders' funds	<b>17,495,567</b>	<b>17,495,567</b>	113,886
Closing shareholders' funds	<b>16,258,905</b>	<b>16,415,878</b>	17,495,567

### 22 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2007 £
Operating loss	(367,126)
Depreciation	66,440
Amortisation	98,758
Movement in stocks	(832,469)
Movement in debtors	(6,238)
Movement in creditors	(221,394)
Movement in provisions	827,658
Profit on disposal of fixed assets	(67,703)
FRS 17 adjustments	(300,000)
Net cash outflow from operating activities	<b>(802,074)</b>

### 23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2007 £
Decrease in cash in the year	(17,815,010)
Cash outflow from financing	113,740
Change in net debt arising from cash flows	(17,701,270)
Loans and finance leases acquired with subsidiaries	(1,026,151)
Loan notes issued on acquisition of subsidiary	(112,467)
Movement in the year	(18,839,888)
Net debt at 1 April 2006	18,614,869
Net debt at 31 March 2007	<b>(225,019)</b>

# COMMUNITY FOODS GROUP LIMITED

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### 24 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2006	Cash flow	Acquisition	At 31 March 2007
	£	£	£	£
Cash at bank	20,488,097	(17,349,262)	-	<b>3,138,835</b>
Overdraft	-	(465,748)	-	<b>(465,748)</b>
	<u>20,488,097</u>	<u>(17,815,010)</u>	<u>-</u>	<u><b>2,673,087</b></u>
Debt due within one year	-	(1,764,952)	(932,671)	<b>(2,697,623)</b>
Issue of loan notes	-	(112,467)	-	<b>(112,467)</b>
Finance leases	-	5,464	(93,480)	<b>(88,016)</b>
Debt due after one year	<u>(1,873,228)</u>	<u>1,873,228</u>	<u>-</u>	<u>-</u>
	<u>(1,873,228)</u>	<u>1,273</u>	<u>(1,026,151)</u>	<u><b>(2,898,106)</b></u>
Total	<u>18,614,869</u>	<u>(17,813,737)</u>	<u>(1,026,151)</u>	<u><b>(225,019)</b></u>

### 25 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2007 or 31 March 2006.

### 26 CONTINGENT LIABILITY

In the past, when the Milk Marque business traded as an Industrial and Provident Society, distributions of profit were made to members of the co-operative on the basis of milk quantities traded in the previous year.

On 28 June 2000 a profit distribution was declared amounting to £20,120,000, but payment was deferred pending the outcome of the Society's fundamental restructuring.

No payments have been made and, according to Members' Resolutions of 27 September 2005 and 12 October 2005, £15,049,000 of the undistributed deferred profit distribution was capitalised into share capital of Milk Marque Limited, now Community Foods Group Limited.

The directors have an absolute power to abate or cancel any undistributed deferred profit distribution, now amounting to £5,071,000. The directors have not exercised this power and there is no present intention of doing so.

If at a future date the deferred profit distribution were ever to be abated, a tax liability would be incurred. The amount would be dependent upon the availability of tax losses to offset at the time. The maximum liability is estimated to be £1,521,000.

There were no other contingent liabilities at 31 March 2007 or 31 March 2006.

# COMMUNITY FOODS GROUP LIMITED

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### 27 PENSIONS

Community Foods Group Limited participates in a UK defined benefits pension scheme, the Milk Pension Fund, which is funded by contributions from employees and participating employer companies.

The other participating employers are Genus plc, National Milk Records plc, First Milk Limited, Dairy Farmers of Britain Limited, Milk Link Limited and hauliers associated to First Milk Limited, Dairy Farmers of Britain Limited and Milk Link Limited.

The scheme's assets are held separately from the company and are administered by the Trustees and managed professionally.

Analysis of the amount charged to operating costs:

	2007 £	2006 £
Current service cost and post service benefit improvements	<u>(100,000)</u>	<u>(200,000)</u>

Analysis of the amount charged to other finance income/(costs)

Expected return on scheme assets	6,200,000	6,100,000
Interest on scheme liabilities	<u>(5,800,000)</u>	<u>(5,900,000)</u>
	<u>400,000</u>	<u>200,000</u>

Analysis of the amount recognised in the statement of total recognised gains and losses

	2007 £	2006 £
Actual return less expected return on scheme assets	(1,200,000)	8,800,000
Change in assumptions	(700,000)	(7,100,000)
Experience gains and losses arising on scheme liabilities	<u>(400,000)</u>	<u>500,000</u>
	<u>(2,300,000)</u>	<u>2,200,000</u>

Movement in deficit during the year

	2007 £	2006 £
Deficit in scheme at 1 April 2006	(100,000)	(4,200,000)
Movement in year:		
Service cost	(100,000)	(200,000)
Other finance income	400,000	200,000
Actuarial (loss)/gain	(2,300,000)	2,200,000
Contributions	<u>400,000</u>	<u>1,900,000</u>
Deficit in scheme at 31 March 2007	<u>(1,700,000)</u>	<u>(100,000)</u>

The future cash contributions to the fund have been set at £105,000 per annum to fund the deficit and £329,000 per annum in respect of the fund's expenses. This obligation is set for the next ten years but will be reviewed on a regular basis by the Board in discussion with the Trustees of the scheme.

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### PENSIONS (CONTINUED)

The Milk Pension Fund contains several participating employers, but as at the valuation dates, there is no formal division of assets and liabilities between the employers. However for the purpose of setting contribution rates, the assets and liabilities of the Fund are notionally allocated between employers, and the FRS 17 results have been calculated on the basis of this notional division.

The value placed on the liabilities of the scheme as at 31 March 2007 is based on the actuarial valuation undertaken on 31 March 2006. The scheme assets are stated at their mid market value at 31 March 2007. The liabilities have been updated by Aon Consulting to take account of changes in economic assumptions, in accordance with FRS 17.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	2007	2006	2005
Discount rate	<b>5.5% pa</b>	5.1% pa	5.5% pa
Price inflation	<b>3.0% pa</b>	2.8% pa	2.75% pa
Salary growth	<b>4.0% pa</b>	4.3% pa	4.25% pa
Pension increases (except on pre 88 GMP)	<b>2.5% pa</b>	2.8% pa	2.75% pa

Details of the assets of the scheme, the expected rate of return and the resulting net pension deficit are set out below:

	2007		2006		2005	
	Expected long term rate of return %	Asset value £'000	Expected long term rate of return %	Asset value £'000	Expected long term rate of return %	Asset value £'000
Fixed interest gilts	4.8%	55,100	4.30%	-	4.75%	13,600
Index linked gilts	-	-	1.40%	59,600	1.175%	44,900
Equities	7.8%	51,300	7.75%	48,200	8.00%	34,700
Bonds	5.5%	8,200	5.10%	8,500	5.50%	12,200
Cash	5.4%	1,200	4.50%	600	4.75%	900
Total market value of assets		<b>115,800</b>		116,900		106,300
Present value of scheme liabilities		<b>(117,500)</b>		(117,000)		(110,500)
Deficit in scheme		<b>(1,700)</b>		(100)		(4,200)
Related deferred tax asset		-		30		1,260
Net pension liability		<b>(1,700)</b>		(70)		(2,940)

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### PENSIONS (CONTINUED)

The history of experienced gains and losses is as follows:

	<b>2007</b>	2006	2005
	<b>£</b>	£	£
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	<b>(1,200)</b>	8,800	600
Percentage of scheme assets (%)	<b>(1.0%)</b>	7.5%	0.6%
Experienced gains and losses on scheme liabilities:			
Amount (£'000)	<b>400</b>	(500)	500
Percentage of the present value of the Scheme liabilities (%)	<b>(0.3%)</b>	0.4%	(0.5%)
Total amount recognised in statement of total Recognised gains and losses:			
Amount (£'000)	<b>(2,300)</b>	2,200	100
Percentage of the present value of the Scheme liabilities (%)	<b>(2.0%)</b>	1.9%	0.1%

### 28 LEASING COMMITMENTS

The group has an annual commitment under non-cancellable operating leases that expires as follows:

	<b>2007</b>	
	<b>Plant and machinery</b>	<b>Other</b>
	<b>£</b>	<b>£</b>
Between one and five years	<b>90,000</b>	<b>65,616</b>
In five years or more	<b>270,000</b>	<b>-</b>
	<b>360,000</b>	<b>65,616</b>

The operating lease payments due in the 12 months after the balance sheet date are £437,375 (2006: £365,950).

### 29 FORWARD EXCHANGE CONTRACTS

As at 31 March 2007 contracts outstanding in the ordinary course of business for the future supply of foreign currency amounted to £2,510,867.

# COMMUNITY FOODS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2007

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### **30 TRANSACTIONS WITH DIRECTORS /AND OTHER RELATED PARTIES**

At 28 September £47,000 was owed to Mrs B C Henry, who is the Mother of W B Henry, a director.

The maximum loan balances during the year was £53,000 and interest was charged at 1% per annum over the base rate. The loan had been repaid by 31 March 2007.

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.