

11 Dividends

Equity dividends on ordinary shares	2009 £m	2008 £m
Amounts recognised in the period:		
Final dividend for the 52 weeks ended 29 March 2008 of 2.95p (2006/07: 2.75p) per share	13.6	13.4
Interim dividend for the 52 weeks ended 28 March 2009 of 1.55p (2007/08: 1.55p) per share	7.1	7.6
	20.7	21.0
Proposed final dividend for the 52 weeks ended 28 March 2009 of 2.95p (2007/08: 2.95p) per share	13.6	14.2

The proposed final dividend is subject to approval by shareholders at the Annual general meeting and accordingly has not been included as a liability in these financial statements.

12 Earnings per share

Earnings and earnings per share	Earnings 2009 £m	Basic earnings per share 2009 pence	Diluted earnings per share 2009 pence	Earnings 2008 £m	Basic earnings per share 2008 pence	Diluted earnings per share 2008 pence
Earnings used for calculation of earnings per share	2.5	0.54	0.52	34.5	7.08	6.95
Restructuring items	25.9	5.55	5.40	3.9	0.80	0.79
Movement on deferred tax due to change in legislation	12.5	2.68	2.61	-	-	-
One off release of prior year tax liability	(4.7)	(1.01)	(0.98)	-	-	-
Adjusted earnings per share*	36.2	7.76	7.55	38.4	7.88	7.74
Net pensions financing credit net of tax	(6.1)	(1.31)	(1.27)	(11.0)	(2.26)	(2.22)
Underlying earnings per share**	30.1	6.45	6.28	27.4	5.62	5.52

Number of shares	2009 number (m)	2008 number (m)
Weighted average number of shares	514.2	514.2
Own shares held	(41.2)	(22.5)
Shares held in Employee share ownership trust (ESOT)	(6.2)	(4.3)
Weighted average number of shares used for calculation of basic earnings per share and earnings per share before restructuring items	466.8	487.4
Savings-related share options	-	0.8
Executive share options	-	0.7
Long term incentive plan	0.4	0.7
Deferred share bonus plan	2.8	3.4
Matching share award	1.0	0.9
Performance share plan	8.3	2.4
Weighted average number of shares used for calculation of diluted earnings per share and diluted earnings per share before restructuring items	479.3	496.3

* Adjusted earnings per share is basic earnings per share before restructuring items, movement on deferred tax due to change in legislation and one off release of prior year tax liability

** Underlying earnings per share is before restructuring items, movement on deferred tax due to change in legislation, one off release of prior year tax liability and net pensions financing

Notes to the consolidated financial statements

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13 Goodwill

	£m
Cost:	
At start of prior period	49.8
Acquisitions	7.9
Exchange movements	2.4
At end of prior period	60.1
At start of period	60.1
Exchange movements	3.1
At end of period	63.2
Accumulated impairment losses:	
At start of prior period	4.8
Exchange movements	0.5
At end of prior period	5.3
At start of period	5.3
Exchange movements	0.8
At end of period	6.1
Carrying amount:	
At end of period	57.1
At start of period	54.8

Goodwill acquired in a business combination is allocated, at acquisition, to the Group's cash generating units (CGUs) that are expected to benefit from that business combination. The CGUs have been defined as the operating business to which the goodwill relates. The carrying amount of goodwill has been allocated as follows:

	2009 £m	2008 £m
Solway Foods	30.1	30.1
Ethnic Cuisine	5.1	5.1
Green Isle	20.1	17.8
Convenience Foods	1.8	1.8
	57.1	54.8

Impairment tests for goodwill

The Group tests for impairment of goodwill at least annually.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, gross margin and expected changes to selling prices and direct costs during the period. The key assumptions are based on past experience which has been adjusted for expected changes in future conditions.

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

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

The recoverable amount for each CGU exceeded its carrying value at the impairment test date. The Group has conducted sensitivity analysis based on reasonably possible changes in the key assumptions used for the impairment test. This has not resulted in any impairment of the carrying value of goodwill as at 28 March 2009.

In relation to Ethnic Cuisine, reasonable possible changes in the key assumptions listed above would cause the recoverable amount of the CGU to be equal to its carrying amount. The recoverable amount of Ethnic Cuisine is 23.0% higher than the carrying amount and a reduction of 3.0% in the gross margin percentage or a reduction of 3.0% in forecast sales would result in the recoverable amount being equal to the carrying amount.

14 Other intangible assets

	Customer relationships £m	Software licences £m	Total £m
Cost:			
At start of prior period	–	5.9	5.9
Acquisitions	1.7	–	1.7
At end of prior period	1.7	5.9	7.6
At start of period	1.7	5.9	7.6
At end of period	1.7	5.9	7.6
Accumulated amortisation:			
At start of prior period	–	2.4	2.4
Charge for prior period	–	0.6	0.6
At end of prior period	–	3.0	3.0
At start of period	–	3.0	3.0
Charge for period	0.1	0.6	0.7
At end of period	0.1	3.6	3.7
Carrying amount:			
At end of period	1.6	2.3	3.9
At start of period	1.7	2.9	4.6

The Group tests for impairment of customer relationships where there is an indicator that the asset may be impaired. The key assumptions for the value in use calculations are those regarding forecast sales volumes and prices. The growth rate used is not more than 3.0% and is not considered to be higher than the average long term industry growth rate. Management estimates discount rates using the Group's weighted average cost of capital.

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

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15 Property, plant and equipment

	Freehold property £m	Leasehold property £m	Plant, fixtures and vehicles £m	Total £m
Cost or valuation:				
At start of prior period	167.9	271	554.0	749.0
Additions	2.7	–	16.6	19.3
Disposals	(5.1)	–	(2.5)	(7.6)
Acquisition of subsidiaries and businesses	–	5.8	8.6	14.4
Reclassifications	0.1	–	(0.1)	–
Exchange movements	5.1	–	20.5	25.6
At start of period	170.7	32.9	597.1	800.7
Additions	0.7	–	29.7	30.4
Disposals	–	–	(0.8)	(0.8)
Exchange movements	6.1	–	25.2	31.3
At end of period	177.5	32.9	651.2	861.6
Accumulated depreciation and impairment losses:				
At start of prior period	54.5	6.2	367.3	428.0
Charge for prior period	3.2	0.5	37.4	41.1
Restructuring provision for impairment	–	–	1.5	1.5
Disposals	(0.8)	–	(2.1)	(2.9)
Exchange movements	0.9	–	12.1	13.0
At start of period	57.8	6.7	416.2	480.7
Charge for period	2.0	0.6	36.0	38.6
Restructuring provision for impairment	11.8	–	12.2	24.0
Disposals	–	–	(0.7)	(0.7)
Exchange movements	1.2	–	16.2	17.4
At end of period	72.8	7.3	479.9	560.0
Carrying amount:				
At end of period	104.7	25.6	171.3	301.6
At start of period	112.9	26.2	180.9	320.0

At the period end, the Group had entered into contractual commitments for the purchase of property, plant and equipment amounting to £2.5m (2007/08: £2.0m).

The carrying amount of the Group's property, plant and equipment includes an amount of £nil (2007/08: £nil) in respect of assets held under finance leases.

Impairment charges of £24.0m were incurred during the period, of which £18.1m related to the mothballing of the Fenland site and £5.9m related to the Hull site, all within the Chilled division. The Group impaired these asset values on a fair value less costs to sell basis, using past experience and external sources of information such as open market valuations.

The Group performs impairment reviews where there is an indicator of impairment. The Fenland site was impaired following the announcement to mothball the site. The Hull site was impaired following a poor trading performance during 2008/09.

The impairment charges have been recognised within restructuring items in the consolidated income statement.

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

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

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