

Notes to the consolidated financial statements

continued

6 Restructuring items

	2009 £m	2008 £m
Restructuring items from operations	(35.4)	(4.7)
Taxation	9.5	0.8
Total	(25.9)	(3.9)

Restructuring items of £35.4m comprised: £22.9m relating to the impact of mothballing the Fenland ready meals facility, with an £18.1m non-cash asset impairment, a £0.4m curtailment gain and a £5.2m cash rationalisation cost. Other costs relate to asset impairments of £5.9m in relation to the Hull site, and other rationalisation charges totalling £6.6m across the Chilled, Bakery and Frozen divisions will help drive future profitability improvement.

Items which relate to significant restructuring events are presented as a separate column within their relevant Consolidated income statement category. Presentation of these items in a separate column helps to provide a better indication of the Group's underlying business performance. Restructuring items include costs or income associated with the restructuring of businesses and gains or losses on the disposal or closure of businesses.

7 Profit from operations

Profit from operations after restructuring items has been arrived at after charging/(crediting) the items below:

	2009 £m	2008 £m
Net foreign exchange losses	0.9	1.7
Research and development costs (principally new product development)	8.0	9.5
Depreciation of property, plant and equipment	38.6	41.1
Impairment of property, plant and equipment	24.0	1.5
Amortisation of other intangibles	0.7	0.6
Staff costs (note 8)	216.8	218.5
Auditors' remuneration for audit services	0.3	0.2
Government grants	(1.6)	(1.1)
Cost of inventories recognised as expense	766.7	731.8
Write down of inventories recognised as an expense	3.1	4.2
Loss on disposal of property, plant and equipment	0.1	0.3
Impairment loss recognised on trade receivables	2.2	1.0
Reversal of impairment losses recognised on trade receivables	(0.1)	(0.3)
Operating lease charges – Plant and machinery	2.2	2.7
Operating lease charges – Land and buildings	0.8	2.2

A more detailed analysis of auditors' remuneration is provided below:

	2009 Deloitte LLP £'000	2008 Deloitte LLP £'000
Audit services		
Fees payable to the Company's auditors for the audit of the Group's Annual report	85	80
Fees payable to the Company's auditors and their associates for the audit of the Company's subsidiaries pursuant to legislation	173	163
	258	243
Other services		
Other services supplied pursuant to legislation – Half year review	38	37
Other services – Accounting advice	–	30
Other	–	20
	38	87
Tax services		
Advisory services	142	119
Compliance	139	143
	281	262
Total	577	592

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

8 Staff costs

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

	2009 number	2008 number
Continuing operations:		
Production	8,399	9,281
Distribution	565	544
Administration	926	942
	9,890	10,767

Aggregate remuneration comprised:

	2009 £m	2008 £m
Continuing operations:		
Wages and salaries	203.2	207.1
Social security costs	17.4	17.6
Other pension income	(3.8)	(6.2)
	216.8	218.5

In addition to the staff costs disclosed above, redundancy costs of £7.3m (2007/08: £1.0m) were charged to restructuring.

9 Net finance (expense)/income

	2009 £m	2008 £m
Finance income:		
Loans and receivables at amortised cost:		
Bank interest receivable	0.3	0.8
Other interest receivable	0.1	0.2
Expected return on pension scheme assets	53.8	58.2
	54.2	59.2
Finance expense:		
Financial liability held at amortised cost in a cash flow hedging relationship:		
Interest on Senior loan notes 2012–2017	(7.8)	(7.8)
Other financial liabilities at amortised cost:		
Interest on bank overdrafts and loans	(6.1)	(7.2)
Other interest payables	(0.2)	–
Interest on pension scheme liabilities	(45.3)	(42.5)
	(59.4)	(57.5)
Net finance (expense)/income	(5.2)	1.7

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continued

10 Taxation

	2009 £m	2008 £m
Current taxation:		
UK corporation tax	1.8	(0.4)
Overseas tax	2.0	1.2
Tax on restructuring items – UK	(4.2)	–
Tax on restructuring items – overseas	(0.2)	(0.2)
	(0.6)	0.6
Deferred taxation:		
UK deferred tax	3.2	11.2
Overseas tax	(0.4)	(0.3)
Movement on deferred tax due to change in legislation	12.5	–
Tax on restructuring items – UK	(5.1)	(0.6)
	10.2	10.3
Tax charge for the period	9.6	10.9

The movement on deferred tax due to the change in legislation arose from the amendments to the industrial buildings allowance regime which were substantively enacted in the Finance Act 2008.

UK corporation tax is calculated at 28.0% (2007/08: 30.0%) of the estimated assessable profit or loss for the period. Overseas tax is taxation on profits made in the Republic of Ireland which is calculated at 12.5% (2007/08: 12.5%).

A deferred tax credit of £0.3m (2007/08: £0.1m charge) was taken to equity relating to equity settled incentive schemes.

A deferred tax credit of £40.1m (2007/08: £12.8m charge) was taken to equity relating to the actuarial gains and losses on the retirement benefit assets and obligations.

The charge for the year can be reconciled to the profit as per the Consolidated income statement as follows:

	2009 £m	2009 %	2008 £m	2008 %
Profit before taxation	12.1	100.0	45.4	100.0
Taxation at the UK corporation tax rate of 28.0% (2007/08: 30.0%)	3.4	28.0	13.6	30.0
Effect of lower overseas tax rates	(1.7)	(14.0)	(1.9)	(4.2)
Adjustment to tax charge in respect of prior periods:				
Corporation tax	(4.7)	(38.8)	(0.7)	(1.5)
Deferred tax	(1.4)	(11.6)	2.1	4.6
Change in UK tax legislation	12.5	103.3	–	–
Change in UK taxation rate from 30.0% to 28.0%	–	–	(2.8)	(6.2)
Expenses not deductible in determining taxable profit and other items	1.5	12.4	0.6	1.3
Tax charge and effective tax rate for the period	9.6	79.3	10.9	24.0

The adjustments in respect of prior periods relate to the finalisation of previous years' tax computations and a switch from current to deferred tax with respect to capital allowance disclaimers.