Accounting policies (continued)

(f) Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(g) Accounting for leases

Leases of property, plant and equipment where the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased property and the estimated present value of the underlying 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. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. The interest element of the finance charge is charged to the profit and loss account over the lease year. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the asset.

(h) Property, plant and equipment

All categories of plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at market value, based on triennial valuations by external independent values, less subsequent depreciation. All other property, plant and equipment are stated at historical cost less depreciation.
Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the profit and loss account. Each period the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the profit and loss account) and depreciation based on the asset's original cost is transferred from the revaluation reserve to accumulated loss

Depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual Value as follows:

Land & Buildings	05% per annum
Motor Vehicle	20% per annum
Kitchen and Other Equipment	20% per annum
Furniture, fixtures and fittings	20% per annum
Machinery and Equipment	20% per annum

Equipment is periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.
Gains and losses on disposal of equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. On disposal of re-valued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.
Motor Vehicle was depreciated for only 10 months

(i) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.