Company Registration Number 06945607

Grants Smokehouse Limited

Financial Statements

2 January 2011

THE REGISTRAR
OF COMPANIES

THURSDAY

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A40 22/09/2011 50
COMPANIES HOUSE

Armstrong Watson
Chartered Accountants & Statutory Auditors
Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

GRANTS SMOKEHOUSE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr T Brown Mr J Brown Mr A McMorran Mr S D Jones
Company secretary	Jirehouse Capital Secretaries Limited
Registered office	8 John Street London WC1N 2ES
Auditor	Armstrong Watson Chartered Accountants & Statutory Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP
Bankers	HSBC plc PO Box 5 29 English Street Carlisle Cumbria CA3 8JT
Solicitors	Jirehouse Capital 8 John Street London WC1N 2ES

GRANTS SMOKEHOUSE LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 4 JANUARY 2010 TO 2 JANUARY 2011

The directors present their report and the financial statements of the company for the period from 4 January 2010 to 2 January 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was the smoking and processing of the finest Scottish salmon

The business delivered a strong trading performance during the year The operating loss of £384,469 is after charges from the parent company of £360,000 in management fees and £1,480,672 brand licence fees The company has adequate working capital

The first half of 2011 is expected to be challenging due to increasing raw material prices but a strong second half is anticipated The business will concentrate on sales growth to existing customers whilst maintaining a low overhead base The directors are confident about the future performance

RESULTS AND DIVIDENDS

The loss for the period amounted to £384,469 The directors have not recommended a dividend

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors, and loans to the company The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations Due to the nature of the financial instruments used by the company there is a small currency exchange exposure and in general the company hedges against this risk The company's approach to managing other risks applicable to financial instruments concerned is shown below

In respect of bank balances the liquidity risk is managed by maintaining positive bank balances and cash flows to meet its financial commitments

In respect of loans, these comprise loans from the parent company and a related party The interest rates on loans from related parties are variable but the interest on the parent company loan is at a fixed rate The company manages the liquidity risk by ensuring that there are sufficient funds to meet the repayments

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits

Trade creditors liquidity risk is managed by ensuring that there are sufficient funds available to meet amounts due

DIRECTORS

The directors who served the company during the period were as follows

Mr T Brown
Mr J Brown
Mr A McMorran
Mr V Prentice (as alternate for
Mr S D Jones)
Mr S D Jones

Mr V Prentice (as alternate for Mr S D Jones) retired as a director on 1 April 2010

GRANTS SMOKEHOUSE LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 4 JANUARY 2010 TO 2 JANUARY 2011

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITOR

Armstrong Watson are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
8 John Street
London
WC1N 2ES

Signed on behalf of the directors

MR A McMORRAN
Director

Approved by the directors on 16, SEPT 2011

GRANTS SMOKEHOUSE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GRANTS SMOKEHOUSE LIMITED

PERIOD FROM 4 JANUARY 2010 TO 2 JANUARY 2011

We have audited the financial statements of Grants Smokehouse Limited for the period from 4 January 2010 to 2 January 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

QUALIFIED OPINION ON FINANCIAL STATEMENTS ARISING FROM LIMITATION IN AUDIT SCOPE

With respect to opening stock having a carrying amount of £553,737 the audit evidence available to us was limited because we did not observe the counting of physical stock as at 3 January 2010, since that date was prior to our appointment as auditor of the company Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to physical stock quantities, in our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 02 January 2011 and of its loss for the year ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GRANTS SMOKEHOUSE LIMITED *(continued)*

PERIOD FROM 4 JANUARY 2010 TO 2 JANUARY 2011

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In respect solely of the limitation on our work relating to stock, described above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records had been kept

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made

JEAN CARROLL
(Senior Statutory Auditor)
For and on behalf of
ARMSTRONG WATSON
Chartered Accountants
& Statutory Auditors

CARLISLE

20th September 2011

GRANTS SMOKEHOUSE LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 4 JANUARY 2010 TO 2 JANUARY 2011

	Note	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
TURNOVER	2	**15,159,589**	7,300,572
Cost of sales		**14,047,433**	6,745,759
GROSS PROFIT		**1,112,156**	554,813
Administrative expenses		**1,474,572**	561,410
Other operating income		**(31,521)**	–
OPERATING LOSS	3	**(330,895)**	(6,597)
Interest payable and similar charges	6	**53,574**	17,712
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(384,469)**	(24,309)
Tax on loss on ordinary activities	7	**–**	–
LOSS FOR THE FINANCIAL PERIOD		**(384,469)**	(24,309)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

GRANTS SMOKEHOUSE LIMITED
Company Registration Number 06945607

BALANCE SHEET

2 JANUARY 2011

	Note	2 Jan 11 £	£	3 Jan 10 £	£
FIXED ASSETS					
Intangible assets	8		**791,154**		833,654
Tangible assets	9		**538,907**		589,881
			1,330,061		1,423,535
CURRENT ASSETS					
Stocks	10	**798,268**		553,737	
Debtors	11	**3,688,767**		3,343,280	
Cash at bank and in hand		**358,468**		596,397	
		4,845,503		4,493,414	
CREDITORS: Amounts falling due within one year	12	**5,334,342**		4,691,258	
NET CURRENT LIABILITIES			**(488,839)**		(197,844)
TOTAL ASSETS LESS CURRENT LIABILITIES			**841,222**		1,225,691
CAPITAL AND RESERVES					
Called-up equity share capital	17		**1,000,000**		1,000,000
Share premium account	18		**250,000**		250,000
Profit and loss account			**(408,778)**		(24,309)
SHAREHOLDERS' FUNDS	19		**841,222**		1,225,691

These financial statements were approved by the directors and authorised for issue on 16 SEPT 11 and are signed on their behalf by

MR A McMORRAN

The notes on pages 9 to 19 form part of these financial statements

GRANTS SMOKEHOUSE LIMITED

CASH FLOW STATEMENT

PERIOD FROM 4 JANUARY 2010 TO 2 JANUARY 2011

	Note	Period from 4 Jan 10 to 2 Jan 11 £	£	Period from 26 Jun 09 to 3 Jan 10 £	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	20		(1,035,164)		814,885
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20		(53,574)		(17,712)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	20		36,949		(1,100,776)
CASH OUTFLOW BEFORE FINANCING			(1,051,789)		(303,603)
FINANCING	20		4,000		900,000
(DECREASE)/INCREASE IN CASH	20		(1,047,789)		596,397

The notes on pages 9 to 19 form part of these financial statements

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 4 JANUARY 2010 TO 2 JANUARY 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Related parties transactions

The company is a wholly owned subsidiary of Smokehouse Holdings Limited, the consolidated accounts of which are publicly available Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Smokehouse Holdings Limited group

Turnover

The income shown in the profit and loss account represents goods despatched during the period exclusive of Value Added Tax, recognised at the time of despatch

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill	-	over 20 years

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	-	over 50 years straight line
Leasehold Property	-	over 10 - 50 years straight line
Plant & Machinery	-	15% straight line
Fixtures & Fittings	-	20% straight line
Motor Vehicles	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, on a first in first out basis, after making allowance for obsolete items Cost is based on the market value at the time of purchase

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity Provision is made for any foreseeable losses where appropriate No element of profit is included in the valuation of work in progress

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution scheme for employees The assets of the scheme are held separately from those of the company The annual contributions payable are charged to the profit and loss account

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company An analysis of turnover is given below

	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
United Kingdom	**7,877,902**	3,200,111
EU	**4,162,188**	2,224,858
USA	**3,103,703**	1,875,603
Middle East	**15,796**	-
	15,159,589	7,300,572

3 OPERATING LOSS

Operating loss is stated after charging/(crediting)

	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
Amortisation of intangible assets	**42,500**	16,346
Depreciation of owned fixed assets	**45,091**	10,895
Depreciation of assets held under hire purchase agreements	**455**	–
Profit on disposal of fixed assets	**(31,521)**	–
Auditor's remuneration		
- as auditor	**9,200**	9,000
Net profit on foreign currency translation	**(29,860)**	(5,149)

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to

	Period from 4 Jan 10 to 2 Jan 11 No	Period from 26 Jun 09 to 3 Jan 10 No
Number of production staff	**109**	136
Number of administrative staff	**4**	4
Number of management staff	**11**	9
	124	149

The aggregate payroll costs of the above were

	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
Wages and salaries	**1,938,828**	796,328
Social security costs	**137,693**	62,083
Other pension costs	**6,027**	–
	2,082,548	858,411

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
Remuneration receivable	**134,263**	50,513

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
Interest payable on bank borrowing	**9,531**	–
Other similar charges payable	**44,043**	17,712
	53,574	17,712

Interest paid to group undertakings amounted to £44,043 (2010 - £17,712)

7. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28% (2010 - 28%)

	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
Loss on ordinary activities before taxation	**(384,469)**	(24,309)
Loss on ordinary activities by rate of tax	**(107,651)**	(6,807)
Expenses not deductible for tax purposes	**654**	36
Capital allowances for period in excess of depreciation	**(13,313)**	(10,090)
Utilisation of tax losses	**118,910**	16,861
Short term timing differences	**1,400**	-
Total current tax	**-**	-

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Intangible £	Total £
COST			
At 4 January 2010 and 2 January 2011	**849,991**	**9**	**850,000**
AMORTISATION			
At 4 January 2010	**16,346**	–	**16,346**
Charge for the period	**42,500**	–	**42,500**
At 2 January 2011	**58,846**	–	**58,846**
NET BOOK VALUE			
At 2 January 2011	**791,145**	**9**	**791,154**
At 3 January 2010	833,645	9	833,654

9 TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST						
At 4 Jan 2010	**180,000**	**294,284**	**96,682**	**20,310**	**9,500**	**600,776**
Additions	–	**5,620**	**104,211**	**40,782**	**46,415**	**197,028**
Disposals	**(180,000)**	–	**(27,845)**	–	–	**(207,845)**
At 2 Jan 2011	–	**299,904**	**173,048**	**61,092**	**55,915**	**589,959**
DEPRECIATION						
At 4 Jan 2010	**1,385**	**2,628**	**5,370**	**600**	**912**	**10,895**
Charge for the period	**2,077**	**8,348**	**21,604**	**8,515**	**5,002**	**45,546**
On disposals	**(3,462)**	–	**(1,927)**	–	–	**(5,389)**
At 2 Jan 2011	–	**10,976**	**25,047**	**9,115**	**5,914**	**51,052**
NET BOOK VALUE						
At 2 Jan 2011	–	**288,928**	**148,001**	**51,977**	**50,001**	**538,907**
At 3 Jan 2010	178,615	291,656	91,312	19,710	8,588	589,881

Hire purchase agreements

Included within the net book value of £538,907 is £23,195 (2010 - £Nil) relating to assets held under hire purchase agreements The depreciation charged to the financial statements in the period in respect of such assets amounted to £455 (2010 - £Nil)

10 STOCKS

	2 Jan 11 £	3 Jan 10 £
Raw materials	**433,943**	232,129
Work in progress	**131,562**	24,204
Finished goods	**232,763**	297,404
	798,268	553,737

11 DEBTORS

	2 Jan 11 £	3 Jan 10 £
Trade debtors	**3,088,014**	2,831,112
Amounts owed by group undertakings	**197,020**	228,815
VAT recoverable	**123,809**	105 776
Other debtors	**–**	3,994
Prepayments and accrued income	**279,924**	173,583
	3,688,767	3,343,280

12 CREDITORS: Amounts falling due within one year

	2 Jan 11 £	2 Jan 11 £	3 Jan 10 £	3 Jan 10 £
Overdrafts		**809,860**		–
Trade creditors		**702,256**		2,013,260
Amounts owed to group undertakings		**3,037,134**		1,774,549
Other creditors including taxation and social security				
PAYE and social security	**55,455**		–	
Hire purchase agreements	**4,000**		–	
Other creditors	**7,155**		192,541	
		66,610		192,541
Accruals and deferred income		**718,482**		710,908
		5,334,342		4,691,258

12. CREDITORS: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2 Jan 11 £	3 Jan 10 £
Overdrafts	809,860	–
Hire purchase agreements	4,000	–
	813,860	–

The overdraft is secured by a debenture (including fixed charge) over all present freehold and leasehold property, a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, a first floating charge over all assets and undertaking both present and future, dated 15 September 2010, and a first mortgage dated 14 September 2010, over leasehold property known as Site BT 200/14, Solway Industrial Estate, Maryport, Cumbria

13 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2 Jan 11 £	3 Jan 10 £
Amounts payable within 1 year	4,000	-
	4,000	-

14. PENSIONS

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund and amounted to £6,027 (2010 - £Nil) As at the balance sheet date there were outstanding contributions of £1,409 (2010 - £Nil)

15 COMMITMENTS UNDER OPERATING LEASES

At 2 January 2011 the company had annual commitments under non-cancellable operating leases as set out below

	Assets other than Land and buildings	
	2 Jan 11 £	3 Jan 10 £
Operating leases which expire		
Within 2 to 5 years	8,735	8,735

16. RELATED PARTY TRANSACTIONS

The company was under the control of Smokehouse Holdings Limited during the period

Sales to Macknight Smokehouse Inc and Hickory House Inc , companies owned indirectly by Hartstone International Limited which has a 50% indirect interest in the company, during the period were £657,256 (2010 - £1,443,853) and £34,837 (2010 - £24,718) respectively At the period end £173,767 (2010 - £406,350) and £Nil (2010 - £12,202) respectively were still outstanding in respect of these balances and are included in trade debtors

A loan amounting to £192,541 was received during the previous period from Santa Barbara Smokehouse Inc , a company presently owned by Mr T Brown, a director The loan was repaid in full on 15 January 2010 Sales to this company in the period were £32,311 (2010 - £23,946) No amounts were outstanding in respect of trade debtor balances at the period end (2010 - £Nil)

17 SHARE CAPITAL

Allotted, called up and fully paid:

	2 Jan 11		3 Jan 10	
	No	**£**	No	£
1,000,000 Ordinary shares of £1 each	**1,000,000**	**1,000,000**	1,000,000	1,000,000

18. SHARE PREMIUM ACCOUNT

	Period from 4 Jan 10 to 2 Jan 11	Period from 26 Jun 09 to 3 Jan 10
	£	£
Balance brought forward	**250,000**	–
Premium on shares issued in the period	**–**	250,000
Balance carried forward	**250,000**	250,000

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2 Jan 11		3 Jan 10	
	£	**£**	£	£
Loss for the financial period		**(384,469)**		(24,309)
New equity share capital subscribed	–		1,000,000	
Premium on new share capital subscribed	–		250,000	
		–		1,250,000
Net (reduction)/addition to shareholders' funds		**(384,469)**		1,225,691
Opening shareholders' funds		**1,225,691**		–
Closing shareholders' funds		**841,222**		1,225,691

20 NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
Operating loss	**(330,895)**	(6,597)
Amortisation	**42,500**	16,346
Depreciation	**45,546**	10,895
Profit on disposal of fixed assets	**(31,521)**	–
Increase in stocks	**(244,531)**	(553 737)
Increase in debtors	**(345,487)**	(3,343,280)
(Decrease)/increase in creditors	**(170,776)**	4,691,258
Net cash (outflow)/inflow from operating activities	**(1,035,164)**	814,885

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
Interest paid	**(53,574)**	(17,712)
Net cash outflow from returns on investments and servicing of finance	**(53,574)**	(17,712)

CAPITAL EXPENDITURE

	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
Payments to acquire intangible fixed assets	**–**	(500,000)
Payments to acquire tangible fixed assets	**(197,028)**	(600,776)
Receipts from sale of fixed assets	**233,977**	–
Net cash inflow/(outflow) from capital expenditure	**36,949**	(1,100,776)

20 NOTES TO THE CASH FLOW STATEMENT *(continued)*

FINANCING

	Period from 4 Jan 10 to 2 Jan 11 £	Period from 26 Jun 09 to 3 Jan 10 £
Issue of equity share capital	–	900,000
Capital element of hire purchase	4,000	–
Net cash inflow from financing	4,000	900,000

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2 Jan 11 £	£	3 Jan 10 £	£
(Decrease)/increase in cash in the period	(1,047,789)		596,397	
Cash outflow in respect of hire purchase	(4,000)		–	
		(1,051,789)		596,397
Change in net debt		(1,051,789)		596,397
Net funds at 4 January 2010		596,397		–
Net debt at 2 January 2011		(455,392)		596,397

ANALYSIS OF CHANGES IN NET DEBT

	At 4 Jan 2010 £	Cash flows £	At 2 Jan 2011 £
Net cash			
Cash in hand and at bank	596,397	(237,929)	358,468
Overdrafts	–	(809,860)	(809,860)
	596,397	(1,047,789)	(451,392)
Debt			
Hire purchase agreements	–	(4,000)	(4,000)
Net debt	596,397	(1,051,789)	(455,392)

21 ULTIMATE PARENT COMPANY

The company's ultimate group parent undertaking and controlling party is Smokehouse Investments Limited, which is incorporated in the Isle of Man

The company is included in the group financial statements of Smokehouse Holdings Limited, copies of which can be obtained from its registered office at 8 John Street, London, WC1N 2ES This is the only parent company for which group financial statements are drawn up and of which the company is a member