

Company Registration Number 06945607

Grants Smokehouse Limited

Financial Statements

1 January 2012

**THE REGISTRAR
OF COMPANIES**

WEDNESDAY



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COMPANIES HOUSE

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

GRANTS SMOKEHOUSE LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the shareholders	4
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9

GRANTS SMOKEHOUSE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr T Brown
Mr J Brown
Mr A McMorran

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 3 JANUARY 2011 TO 1 JANUARY 2012

The directors present their report and the financial statements of the company for the period from 3 January 2011 to 1 January 2012

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 £358,777 is after charges from the parent company of £360,000 in management fees and £1,128,335 in brand licence fees. The company has adequate working capital.

The first half of 2012 is expected to be challenging due to increased availability of cheap raw material which will put pressure on selling prices and margins. A stronger second half is anticipated. The business will concentrate on sales growth to existing customers whilst maintaining a low overhead base. In order to facilitate growth in the Italian market a wholly owned subsidiary Grants Smokehouse Italy S R L has been set up. The directors are confident about the future performance of the business.

RESULTS AND DIVIDENDS

The loss for the period, after taxation, amounted to £382,613. 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 S D Jones

Mr S D Jones retired as a director on 31 March 2012.

GRANTS SMOKEHOUSE LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

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

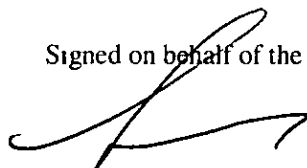
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 21st September 2012

GRANTS SMOKEHOUSE LIMITED

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

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

We have audited the financial statements of Grants Smokehouse Limited for the period from 3 January 2011 to 1 January 2012 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 January 2012 and of its loss for the period then 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.

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.

GRANTS SMOKEHOUSE LIMITED

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

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or 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, or
- we have not received all the information and explanations we require for our audit

CARLISLE

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

21.9.12

GRANTS SMOKEHOUSE LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

	Note	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
TURNOVER	2	14,563,262	15,159,589
Cost of sales		<u>13,523,805</u>	<u>14,047,433</u>
GROSS PROFIT		1,039,457	1,112,156
Administrative expenses		1,398,678	1,474,572
Other operating income		<u>(444)</u>	<u>(31,521)</u>
OPERATING LOSS	3	(358,777)	(330,895)
Interest receivable and similar income		461	—
Interest payable and similar charges	6	<u>(16,297)</u>	<u>(53,574)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(374,613)	(384,469)
Tax on loss on ordinary activities	7	8,000	—
LOSS FOR THE FINANCIAL PERIOD		<u>(382,613)</u>	<u>(384,469)</u>

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

The notes on pages 9 to 20 form part of these financial statements

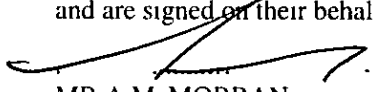
GRANTS SMOKEHOUSE LIMITED
Company Registration Number 06945607

BALANCE SHEET

1 JANUARY 2012

	Note	1 Jan 12 £	£	2 Jan 11 £	£
FIXED ASSETS					
Intangible assets	8		748,655		791,154
Tangible assets	9		624,663		538,907
			<u>1,373,318</u>		<u>1,330,061</u>
CURRENT ASSETS					
Stocks	10	730,945		798,268	
Debtors	11	4,353,248		3,688,767	
Cash at bank and in hand		41,854		358,468	
		<u>5,126,047</u>		<u>4,845,503</u>	
CREDITORS: Amounts falling due within one year	12	<u>4,511,433</u>		<u>5,334,342</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>614,614</u>		<u>(488,839)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,987,932</u>		<u>841,222</u>
CREDITORS: Amounts falling due after more than one year	13		21,323		-
PROVISIONS FOR LIABILITIES					
Deferred taxation	16		8,000		-
			<u>1,958,609</u>		<u>841,222</u>
CAPITAL AND RESERVES					
Called-up equity share capital	19		2,500,000		1,000,000
Share premium account	20		250,000		250,000
Profit and loss account			(791,391)		(408,778)
SHAREHOLDERS' FUNDS	21		<u>1,958,609</u>		<u>841,222</u>

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


MR A McMORRAN

21st September 2012

The notes on pages 9 to 20 form part of these financial statements

GRANTS SMOKEHOUSE LIMITED

CASH FLOW STATEMENT

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

	Note	Period from 3 Jan 11 to 1 Jan 12 £	£	Period from 4 Jan 10 to 2 Jan 11 £	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	22	(1,895,303)		(1,035,164)	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22	(15,836)		(53,574)	
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	22	(163,327)		36,949	
CASH OUTFLOW BEFORE FINANCING		(2,074,466)		(1,051,789)	
FINANCING	22	1,527,562		4,000	
DECREASE IN CASH	22	(546,904)		(1,047,789)	

The notes on pages 9 to 20 form part of these financial statements

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

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

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

Stocks

Raw material 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 and finished goods

Work in progress and finished goods are valued on a standard costing method. This equates to average cost and includes all direct costs and attributable overheads

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

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

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

1 ACCOUNTING POLICIES *(continued)*

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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

2 TURNOVER

The turnover and profit before tax are attributable to the principal activity of the company.

A segmental analysis of turnover by geographical location has not been disclosed in these financial statements as in the opinion of the directors disclosure of this information would be seriously prejudicial to the interests of the company.

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

3. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Amortisation of intangible assets	42,499	42,500
Depreciation of owned fixed assets	68,441	45,091
Depreciation of assets held under hire purchase agreements	9,574	455
Profit on disposal of fixed assets	(444)	(31,521)
Auditor's remuneration		
- as auditor	9,550	9,200
Net profit on foreign currency translation	<u>(5,324)</u>	<u>(29,860)</u>

4. PARTICULARS OF EMPLOYEES

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

	Period from 3 Jan 11 to 1 Jan 12 No	Period from 4 Jan 10 to 2 Jan 11 No
Number of production staff	99	109
Number of administrative staff	4	4
Number of management staff	9	11
	<u>112</u>	<u>124</u>

The aggregate payroll costs of the above were

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Wages and salaries	1,686,084	1,938,828
Social security costs	118,184	137,693
Other pension costs	8,887	6,027
	<u>1,813,155</u>	<u>2,082,548</u>

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Remuneration receivable	<u>61,411</u>	<u>134,263</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Interest payable on bank borrowing	9,329	9,531
Finance charges	806	-
Other similar charges payable	<u>6,162</u>	<u>44,043</u>
	<u>16,297</u>	<u>53,574</u>

Interest paid to group undertakings amounted to £6,162 (2011 - £44,043)

7. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the period

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Deferred tax		
Origination and reversal of timing differences (note 16)		
Capital allowances	11,000	-
Other	<u>(3,000)</u>	<u>-</u>
Total deferred tax (note 16)	<u>8,000</u>	<u>-</u>

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

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 26% (2011 - 28%)

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Loss on ordinary activities before taxation	<u>(374,613)</u>	<u>(384,469)</u>
Loss on ordinary activities by rate of tax	(97,400)	(107,651)
Expenses not deductible for tax purposes	176	654
Capital allowances for period in excess of depreciation	(2,061)	(13,313)
Utilisation of tax losses	98,099	118,910
Rounding on tax charge	(101)	-
Short term timing differences	<u>1,287</u>	<u>1,400</u>
Total current tax	<u>-</u>	<u>-</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Intangible £	Total £
COST			
At 3 January 2011 and 1 January 2012	<u>849,991</u>	<u>9</u>	<u>850,000</u>
AMORTISATION			
At 3 January 2011	58,846	-	58,846
Charge for the period	<u>42,499</u>	<u>-</u>	<u>42,499</u>
At 1 January 2012	<u>101,345</u>	<u>-</u>	<u>101,345</u>
NET BOOK VALUE			
At 1 January 2012	<u>748,646</u>	<u>9</u>	<u>748,655</u>
At 2 January 2011	<u>791,145</u>	<u>9</u>	<u>791,154</u>

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 3 January 2011	299,904	173,048	61,092	55,915	589,959
Additions	7,802	107,609	5,479	65,550	186,440
Disposals	—	—	—	(32,265)	(32,265)
At 1 January 2012	307,706	280,657	66,571	89,200	744,134
DEPRECIATION					
At 3 January 2011	10,976	25,047	9,115	5,914	51,052
Charge for the period	9,081	32,535	12,721	23,678	78,015
On disposals	—	—	—	(9,596)	(9,596)
At 1 January 2012	20,057	57,582	21,836	19,996	119,471
NET BOOK VALUE					
At 1 January 2012	287,649	223,075	44,735	69,204	624,663
At 2 January 2011	288,928	148,001	51,977	50,001	538,907

Hire purchase agreements

Included within the net book value of £624,663 is £38,486 (2011 - £23,195) 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 £9,574 (2011 - £455).

10. STOCKS

	1 Jan 12 £	2 Jan 11 £
Raw materials	426,305	433,943
Work in progress	113,878	131,562
Finished goods	190,762	232,763
	730,945	798,268

11. DEBTORS

	1 Jan 12 £	2 Jan 11 £
Trade debtors	4,110,491	3,088,014
Amounts owed by group undertakings	12,342	197,020
VAT recoverable	130,637	123,809
Prepayments and accrued income	99,778	279,924
	4,353,248	3,688,767

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

12. CREDITORS: Amounts falling due within one year

	1 Jan 12		2 Jan 11
	£	£	£
Overdrafts	1,040,150		809,860
Trade creditors	853,093		702,256
Amounts owed to group undertakings	2,110,957		3,037,134
Other creditors including taxation and social security			
PAYE and social security	51,479		55,455
Hire purchase agreements	10,239		4,000
Other creditors	17,779		7,155
	<u>79,497</u>		<u>66,610</u>
Accruals and deferred income	427,736		718,482
	<u>4,511,433</u>		<u>5,334,342</u>

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

	1 Jan 12	2 Jan 11
	£	£
Overdrafts	1,040,150	809,860
Hire purchase agreements	10,239	4,000
	<u>1,050,389</u>	<u>813,860</u>

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. CREDITORS: Amounts falling due after more than one year

	1 Jan 12	2 Jan 11
	£	£
Other creditors		
Hire purchase agreements	21,323	-

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	1 Jan 12	2 Jan 11
	£	£
Hire purchase agreements	21,323	-

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	1 Jan 12 £	2 Jan 11 £
Amounts payable within 1 year	10,239	4,000
Amounts payable between 1 and 2 years	<u>21,323</u>	-
	<u>31,562</u>	<u>4,000</u>

15. 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 £8,887 (2011 - £6,027). As at the balance sheet date there were outstanding contributions of £1,267 (2011 - £1,409).

16. DEFERRED TAXATION

The movement in the deferred taxation provision during the period was

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Profit and loss account movement arising during the period	8,000	-
Provision carried forward	<u>8,000</u>	-

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	1 Jan 12 £	2 Jan 11 £
Excess of taxation allowances over depreciation on fixed assets	11,000	-
Other timing differences	<u>(3,000)</u>	-
	<u>8,000</u>	-

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

17. COMMITMENTS UNDER OPERATING LEASES

At 1 January 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Assets other than Land and buildings	
	1 Jan 12 £	2 Jan 11 £
Operating leases which expire		
Within 1 year	5,562	-
Within 2 to 5 years	8,735	8,735
	<u>14,297</u>	<u>8,735</u>

18. RELATED PARTY 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.

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 £96,406 (2011 - £657,256) and £Nil (2011 - £34,837) respectively. At the period end £Nil (2011 - £173,767) was still outstanding in respect of Macknight Smokehouse Inc and is included in trade debtors.

Sales to Santa Barbara Smokehouse Inc, a company in which Mr T Brown, a director, has an ownership interest, amounted to £45,733 (2011 - £32,311) in the period. No amounts were outstanding in respect of trade debtor balances at the period end (2011 - £Nil).

During the year Mrs J A McMorran, wife of Mr A McMorran, Director, was paid £30,000 (2011 - £Nil) for consultancy services provided to the company.

19. SHARE CAPITAL

Allotted, called up and fully paid:

	1 Jan 12		2 Jan 11	
	No	£	No	£
2,500,000 Ordinary shares (2011 - 1,000,000) of £1 each	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

During the year 1,500,000 ordinary shares were issued at par.

20. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial period.

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1 Jan 12 £	2 Jan 11 £
Loss for the financial period	(382,613)	(384,469)
New ordinary share capital subscribed	<u>1,500,000</u>	<u>-</u>
Net addition/(reduction) to shareholders' funds	1,117,387	(384,469)
Opening shareholders' funds	<u>841,222</u>	<u>1,225,691</u>
Closing shareholders' funds	<u>1,958,609</u>	<u>841,222</u>

22. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Operating loss	(358,777)	(330,895)
Amortisation	42,499	42,500
Depreciation	78,015	45,546
Profit on disposal of fixed assets	(444)	(31,521)
Decrease/(increase) in stocks	67,323	(244,531)
Increase in debtors	(664,481)	(345,487)
Decrease in creditors	<u>(1,059,438)</u>	<u>(170,776)</u>
Net cash outflow from operating activities	<u>(1,895,303)</u>	<u>(1,035,164)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Interest received	461	-
Interest paid	(15,491)	(53,574)
Interest element of hire purchase	<u>(806)</u>	<u>-</u>
Net cash outflow from returns on investments and servicing of finance	<u>(15,836)</u>	<u>(53,574)</u>

GRANTS SMOKEHOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

22. NOTES TO THE CASH FLOW STATEMENT *(continued)*

CAPITAL EXPENDITURE

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Payments to acquire tangible fixed assets	(186,440)	(197,028)
Receipts from sale of fixed assets	<u>23,113</u>	<u>233,977</u>
Net cash (outflow)/inflow from capital expenditure	<u>(163,327)</u>	<u>36,949</u>

FINANCING

	Period from 3 Jan 11 to 1 Jan 12 £	Period from 4 Jan 10 to 2 Jan 11 £
Issue of equity share capital	1,500,000	—
Capital element of hire purchase	<u>27,562</u>	<u>4,000</u>
Net cash inflow from financing	<u>1,527,562</u>	<u>4,000</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1 Jan 12 £	2 Jan 11 £
Decrease in cash in the period	(546,904)	(1,047,789)
Cash outflow in respect of hire purchase	<u>(27,562)</u>	<u>(4,000)</u>
	(574,466)	(1,051,789)
Change in net debt	(574,466)	(1,051,789)
Net debt at 3 January 2011	<u>(455,392)</u>	<u>596,397</u>
Net debt at 1 January 2012	<u>(1,029,858)</u>	<u>(455,392)</u>

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2011 TO 1 JANUARY 2012

22. NOTES TO THE CASH FLOW STATEMENT *(continued)*

ANALYSIS OF CHANGES IN NET DEBT

	At 3 Jan 2011 £	Cash flows £	At 1 Jan 2012 £
Net cash			
Cash in hand and at bank	358,468	(316,614)	41,854
Overdrafts	<u>(809,860)</u>	<u>(230,290)</u>	<u>(1,040,150)</u>
	<u>(451,392)</u>	<u>(546,904)</u>	<u>(998,296)</u>
Debt			
Hire purchase agreements	<u>(4,000)</u>	<u>(27,562)</u>	<u>(31,562)</u>
Net debt	<u>(455,392)</u>	<u>(574,466)</u>	<u>(1,029,858)</u>

23. 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.